

Procurement & Warehousing

Led by: Director of Supply Management

Description

Procurement & Warehousing offers procurement, inventory, and warehouse services that deliver the best value for public funds and promotes trust in The City of Calgary.

Our service stewards The City's supply chain activities through: purchase of construction, consulting, information technology, inventory, goods and services; planning, forecasting, inventory control, distribution, and end-of-life disposal of Corporate Inventory. We facilitate corporate adherence to legislation and regulatory requirements and bind contracts between Suppliers and The City as delegated, under the Bylaw 43M99 Execution of Agreements while enabling benefit driven procurement and contract compliance.

Value and benefits

Customers require their procurement, inventory, and warehouse needs be met to enable service delivery and support community outcomes. Customers need goods and services delivered at the appropriate quality and cost. We meet these needs by considering the political, legal, economic, social, and technological environment while applying supply chain expertise to gain additional benefits. Customers expect procurement and inventory risk mitigation, strategic advice, contract compliance, supplier performance and public value that aligns to public procurement law, including trade agreements, and policies. This centralized Enabling service adds value through its public procurement expertise, strategic and consolidated purchasing and supports intentional investment through benefits driven procurement to support economic, social and civic outcomes valued by Calgarians and businesses in Calgary.

Customers

Procurement & Warehousing services both internal and external customers. Internal customers include a variety of customer groups from front-line staff who serve the community to The Corporation's leadership including Council. External customers include potential suppliers, non-City agencies, businesses and Calgarians.

What we deliver

Procurement & Warehousing works with frontline services to deliver best value for public funds through fair, open, accessible, and transparent procurement with a business-friendly lens. This Service delivers compliant contracts with public benefits, corporate inventory of customer assets, fuel supply, storage and distribution, and recovery of the residual value of surplus and retired assets.

Partners

Procurement & Warehousing works with internal and external partners to provide service. Contributors include Legal Counsel & Advocacy and Financial Support. Key partners include Corporate Strategy Stewards, Indigenous Relations Office, other governments, Civic Partners, task forces, industry and equity seeking, advocacy, social justice, environmental, and economic community groups.

\$939.8 million Value of 724 new procurements in 2021

\$ 1.6 billion Value of 35,187 purchase orders in 2021

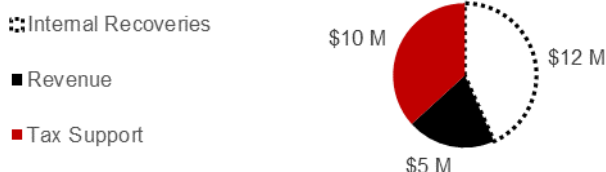
\$54.5 million Corporate inventory value in 2021

\$64.1 million Value of inventory issued in 2021

Key assets

NA

Procurement and Warehousing
2022 Budgeted Gross Operating Expenditures Funding
Breakdown (\$ Millions)*



* Gross operating budget may include internal recoveries that are also included in other services' gross operating cost.

Note: Internal recoveries is how The City accounts for the costs of goods or services between services

What we have heard & what we are watching

What we have heard

This Service’s customers include internal, the industry sector, and community groups. Internal customers value product quality/access/availability along with clear accountabilities and responsibilities, training on navigating public procurement and support advanced planning to leverage procurement to deliver on desired strategic outcomes. Suppliers value transparent, collaborative and productive relationship, along with timely responses to their questions. Calgarians see opportunity to focus on projects with positive social impact and assist in Calgary’s economic recovery. The Service seeks to meet these needs by defining procurement and inventory management practices and tools to facilitate intentional investment and benefits through procurement. Technology continues to be implemented to improve service delivery efficiency, compliance and provide alternate service delivery channels.

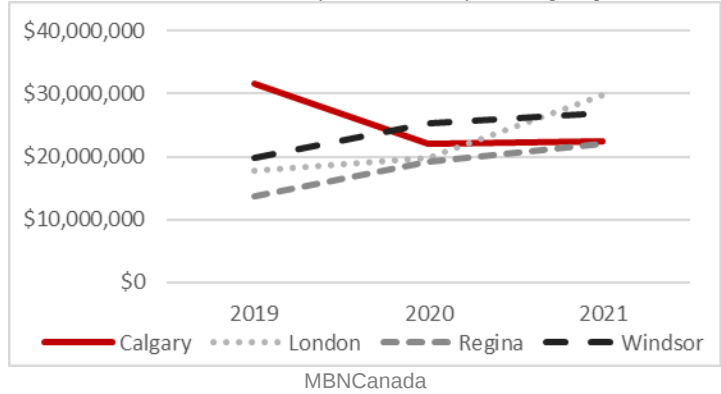
What Council has directed

The Service’s responsibility for public procurement law compliance leads to fair/competitive/open procurements. This promotes trust with businesses who have equal opportunity to bid for City contracts and Calgarians who can have confidence The City gets the best value for public funds. Innovation through Procurement opens discussions with start-ups and small/medium-sized businesses with innovative solutions The City requires. Benefit Driven Procurement uses The City’s purchasing power to reduce barriers/increase access to City contracts for underrepresented groups. Indigenous Procurement Strategy is in development to support economic reconciliation through procurement opportunities. The Service continues to use contract and financial management technology to achieve compliance and transparency. An online Surplus Auction widens access to Calgarians. Collaboration with other governments promotes procurement and inventory management knowledge sharing and regional opportunities.

What we are watching

Procurement & Warehousing’s primary focus is protecting City interests and working with frontline services to ensure best value for public funds. The Service is diligently monitoring the external public procurement landscape including supply chain resiliency with industry, inflation, tariffs, public procurement case law, auditor reports, and emerging trends from other governments while monitoring internal process and contract compliance. At the same time, Procurement & Warehousing is actively seeking opportunities with partners, industry, and other levels of government to leverage The City’s procurement to support Indigenous economic reconciliation. The Service continues to explore how Category Management, Innovation through Procurement, Benefit Driven (social) Procurement, and Market-led Proposals can support the public’s demands for more intentional investment through procurement activities in economic, socio-cultural, environmental, and civic outcomes valued in the community.

Procurement Value per Full-time Equivalent [FTE]



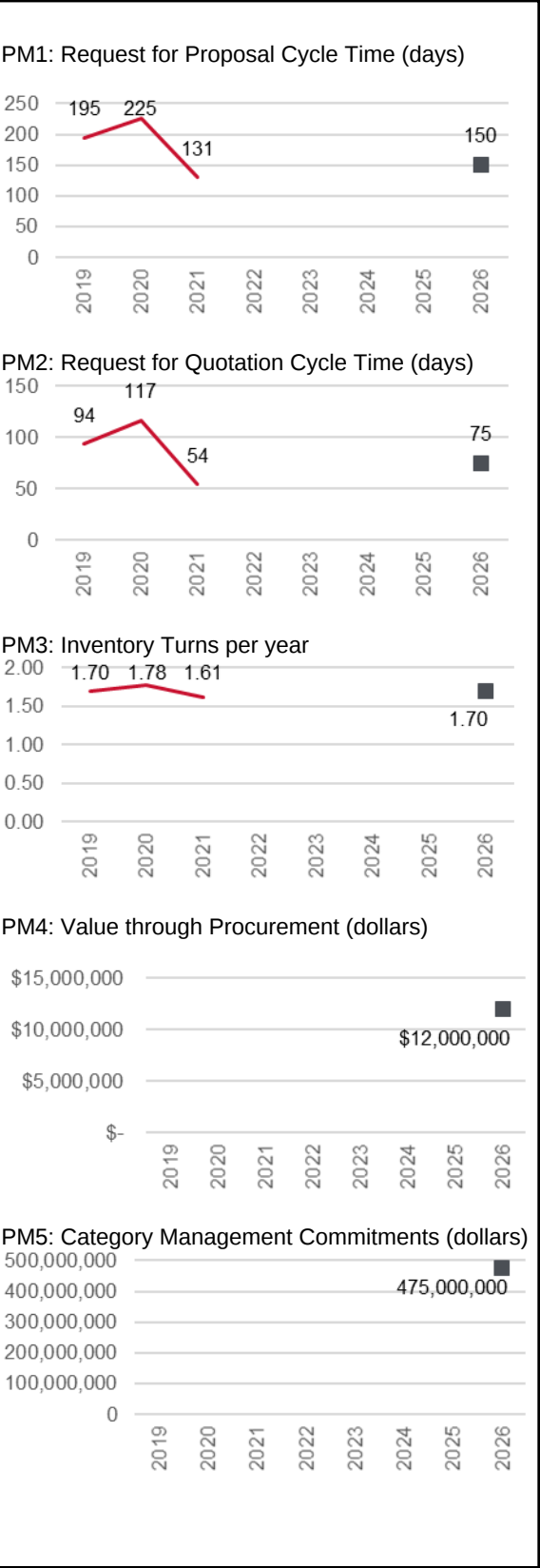
Comparing our service

Procurement Value per full-time equivalent employee [FTE] represents the total amount of goods and services (\$) purchased through a centralized procurement process per employees who are involved in the public procurement process. Municipalities utilize different methods to deliver the same service often resulting in differing costs. Results are influenced by: population, geographic size, organizational form, government type, and legislation speak to the uniqueness of each municipality. The Service will implement its 2023-2026 initiatives to gain improvements.

Measuring performance & where we want to go

For Council Approval

Actuals Expected Future Performance



Story behind the curve

The new Procurement Model at The City of Calgary, including a revised Procurement Policy, redefined RFP and RFQ cycle times measurement as the number of calendar days from approval of the procurement plan to the contract award date. Cycle time is comprised of collaborative activities from the procurement team, frontline service holders of the procurement budget, internal and external customers, and partners.

The Service will focus on integrating the new Corporate contract management system with other City technologies and undertaking strategic continuous improvement activities by removal of non-value added activities (such as digitizing manual processes), while managing service quality, compliance, and increasing transparency in The City's investment of public funds in the procurement of goods and services. Procurement & Warehousing is striving to reduce the time to contract suppliers while maintaining quality and compliance.

Inventory Turns is determined by the value (\$) of items sold in a year compared to the value (\$) of inventory in stock, excluding critical spares. A higher number indicates more effective turns for The City. The Service provides an inventory of material to support frontline services while managing the financial risks and liabilities associated with obsolete and non-moving inventory. The curve will be turned by collaborating with customers to improve stocking decisions, improve material planning, adhering to inventory policies and applying inventory accounting process.

Value through procurement measures savings, cost avoidances, and value optimization as a result of procurement activities including category management, strategic sourcing, and direct negotiations. This supports the Service's role as a strategic partner with frontline services in generating additional value through procurement. This measure was implemented in 2022 with the start of this multi-year transformation driven through category management, strategic sourcing, and direct negotiations, and will continue initiatives throughout 2023-2026 to meet the growth curve targets.

The newly created category management measure reflects how much of The City's annual procurement commitments are met using consolidated purchasing and strategic sourcing under the Service's category management framework. It is a strategic and consolidated approach to obtain The City's goods and services and optimize best value for public funds. This program will progressively roll out across The City over a five-year period based on resource capacity. Commitments managed through category management will contribute to value through procurement and improved service levels.

What we plan to do

Result for 2023-2026

Procurement & Warehousing promotes public trust and maximizes best value for public funds. Focus for 2023-2026 includes finding opportunities to provide additional value through intentional investment, strengthening relationships, modernizing operations, and fostering a customer service culture.

How we are going to get there

Better meet customer needs through increased visibility on corporate inventory availability, demands and past usage. Integrating systems and processes among services and end-users will increase efficiencies in how Corporate inventory is provided to City services and support front-line service delivery to Calgarians. Investment of public funds towards Corporate inventory will also be optimized.

Meet the needs of customers by advancing corporate inventory ordering and delivery processes to a more user-friendly model with an e-catalogue of available inventory and provision of flexible pick-up or delivery options. This enhanced model will promote a faster and better customer service culture and enable less time to be spent on ordering and receiving goods.

Improve accuracy, reliability, visibility and availability of inventory while reducing oversupply by consolidating and standardizing corporate inventory, procurement, and warehouse service data. Provide a clearer picture of current and future needs, support decision-making and advance communication between Procurement & Warehousing and City services by focusing on master data cleaning and standardization.

Improve public procurement compliance while increasing transparency in The City's investment of public funds in the procurement of goods and services by fully leveraging the recently adopted Corporate Contract Management System capabilities ensuring integration with key internal applications and increasing automation of supply chain processes. Procurement Cycle Times will also be improved.

Foster social and economic reconciliation through strong, collaborative relationships while maintaining The City's compliance with public procurement law and strengthening The City's commitment to Truth and Reconciliation by developing an Indigenous Procurement Framework and Strategy in conjunction with the Indigenous Relations Office and other partners.

Minimize the impact of cost escalations and supply chain disruptions to City services, enable uninterrupted service delivery to Calgarians and protect investment of public funds by developing a Corporate Supply Chain Resilience Strategy that identifies, assesses, and proactively manages The Corporation's supply chain risks. This will be achieved through consultation with Industry and partners.

Leverage The City's purchasing power of goods and services to provide added environmental, climate, social and economic outcomes, beyond price and quality, through intentional investment and by engaging stewards of the Calgary Climate Strategy, other supporting corporate strategies, and frontline service budget holders.

Improve procurement operations by modernizing performance dashboards, standardizing internal processes, implementing training and development programs, and increasing workload transparency. Efforts toward continuous service improvement is intended to improve employee satisfaction, The City's ability to recruit and retain qualified staff and improve customer and supplier service.

Strengthen The City's purchasing power, increase public trust and maximize The City's best value for public funds by implementing the Category Management Framework to strategically source and consolidate purchasing of The City's goods and services based on category type.

Operating budget needed to achieve results

For Council Approval

Breakdown of net operating budget (\$000s)

	2023		2024		2025		2026	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Previous Year's Net Budget	9,386		10,168		10,494		10,687	
Previously approved One-time budget		-		-		-		-
2022 One-time carry forward		-		-		-		-
Revenue Changes	-	-	-	-	-	-	-	-
Internal Recoveries Changes	(1,263)	-	-	-	-	-	-	-
Inflation	13	-	92	-	115	-	102	-
Operating Impact of Previously Approved Capital	-	-	234	-	78	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-	-	-	-	-
Service Reductions	-	-	-	-	-	-	-	-
Service Increases	1,683	328	-	317	-	25	-	-
Transfers (to)/from services**	349	-	-	-	-	-	-	-
Total net budget*	10,168	328	10,494	317	10,687	25	10,789	-

* The previous year's One-Time Budget is not carried forward to the following year.

** Base budget transfer from Corporate Programs.

Total Operating Budget (\$000s) for Approval

	2022 Budget	2023			2024			2025			2026		
	At April 30	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditures	27,466	28,811	328	29,139	29,137	317	29,454	29,330	25	29,355	29,432	-	29,432
Recoveries	(11,891)	(13,154)	-	(13,154)	(13,154)	-	(13,154)	(13,154)	-	(13,154)	(13,154)	-	(13,154)
Revenue	(5,490)	(5,490)	-	(5,490)	(5,490)	-	(5,490)	(5,490)	-	(5,490)	(5,490)	-	(5,490)
Net	10,086	10,168	328	10,496	10,494	317	10,811	10,687	25	10,712	10,789	-	10,789
Base	9,386												
One-Time	700												

Note: Figures may not add up due to rounding.

Capital budget needed to deliver service

For Council Approval

Activity	Investment Name	2023 Request (\$000s)	2024 Request (\$000s)	2025 Request (\$000s)	2026 Request (\$000s)	2027+ Request (\$000s)	Total Request (\$000s)
Annual Investment Program(s)							
414301	Warehouse Infrastructure	330	330	330	330	-	1,320
414310	Fuel System	400	400	400	340	-	1,540
Program(s)							
415001	Inventory System Improvement	595	595	595	595	-	2,380
414302	Business Tech Maintenance	538	902	560	-	-	2,000
Projects(s)							
		-	-	-	-	-	-
Sub-Total (New Budget Requests)		1,863	2,227	1,885	1,265	-	7,240
Previously Approved Budget Remaining		-	-	-	-	-	-
Total Capital Investment		1,863	2,227	1,885	1,265	-	7,240

Explanation of capital budget requests

Annual Investment Program(s)

Activity 414301: Warehouse Infrastructure

Regular inspection and life-cycle maintenance of City warehouse infrastructure, end of life replacement and upgrade of warehouse storage equipment. The City must invest in condition assessments, maintenance, replacement, and upgrades to ensure compliance with occupational and safety legislation.

Funding From: Pay-As-You-Go (\$1,320 thousand)

Contributing Services: None

Operating Impact: None

Activity 414310: Fuel System

Continuation of the vehicle fuel dispensing equipment safety and environmental legislative compliance program. The City must invest in life-cycle maintenance and support installed fuel equipment to be compliant with environmental and legislated requirements.

Funding From: Pay-As-You-Go (\$1,540 thousand)

Contributing Services: None

Operating Impact: None

Program(s)

Activity 415001: Inventory System Improvement

Provides more efficient and cost-effective Inventory Management service delivery and allows The City to recover revenue from Surplus Sales. Investment is required to improve Inventory Management service delivery including forecasting, online ordering, and automating replenishment.

Funding From: Lifecycle Maintenance & Upgrade Reserve (\$2,380 thousand)

Contributing Services: None

Operating Impact: None

Activity 414302: Business Tech Maintenance

Supports compliance, proactive management of City contracts to minimize contract leakage and reduce risk, increase automation and efficiency Investment is required to maximize functionality of the new contract management System including PeopleSoft integration and supporting compliance.

Funding From: Lifecycle Maintenance & Upgrade Reserve (\$2,000 thousand)

Contributing Services: None

Operating Impact: None