

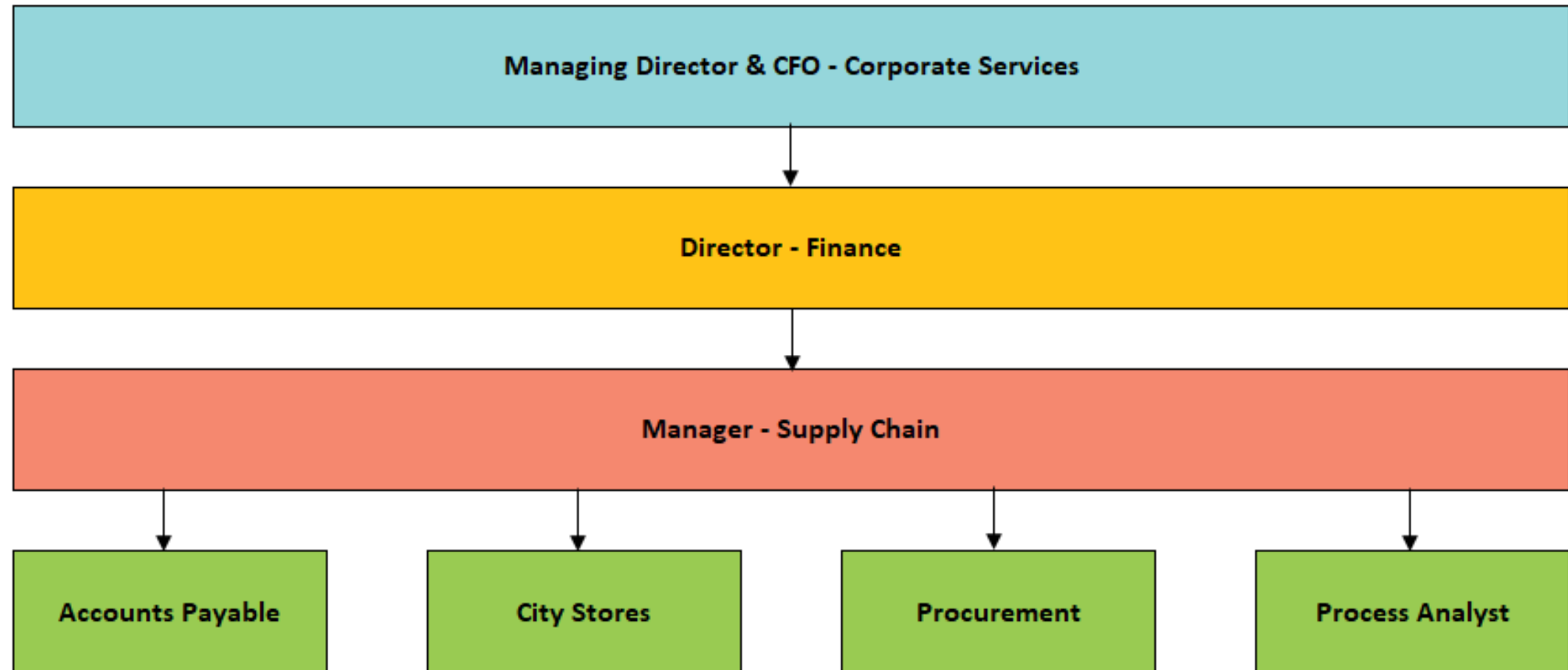


Supply Chain Annual Report 2023

Tibor Domian

Manager – Supply Chain

Supply Chain Team Structure



General framework for procurement at the City

- Public procurement principles (fair, open and transparent process with equal treatment for vendors).
- Internal and external governance (e.g. Trade agreements, City policies and bylaws).
- Proper valuation of the purchase, in order to select the most appropriate approach.
- The objective is to maximize the expected value for taxpayer's dollars and minimize the City's risk, while following the key principals, that guide all procurement decisions and actions.

Procurement Methods at the City

Standard procurement

- Ordering from existing (Citywide or Group Purchasing Org.) contract – no limit up to contract amount
- Low value purchases (PO or P-Card) – up to \$10,000
- Invitational competition* – up to \$75,000 when minimum 3 vendors are invited (*optional process for Departments)
- Open competition – any value over \$10,000

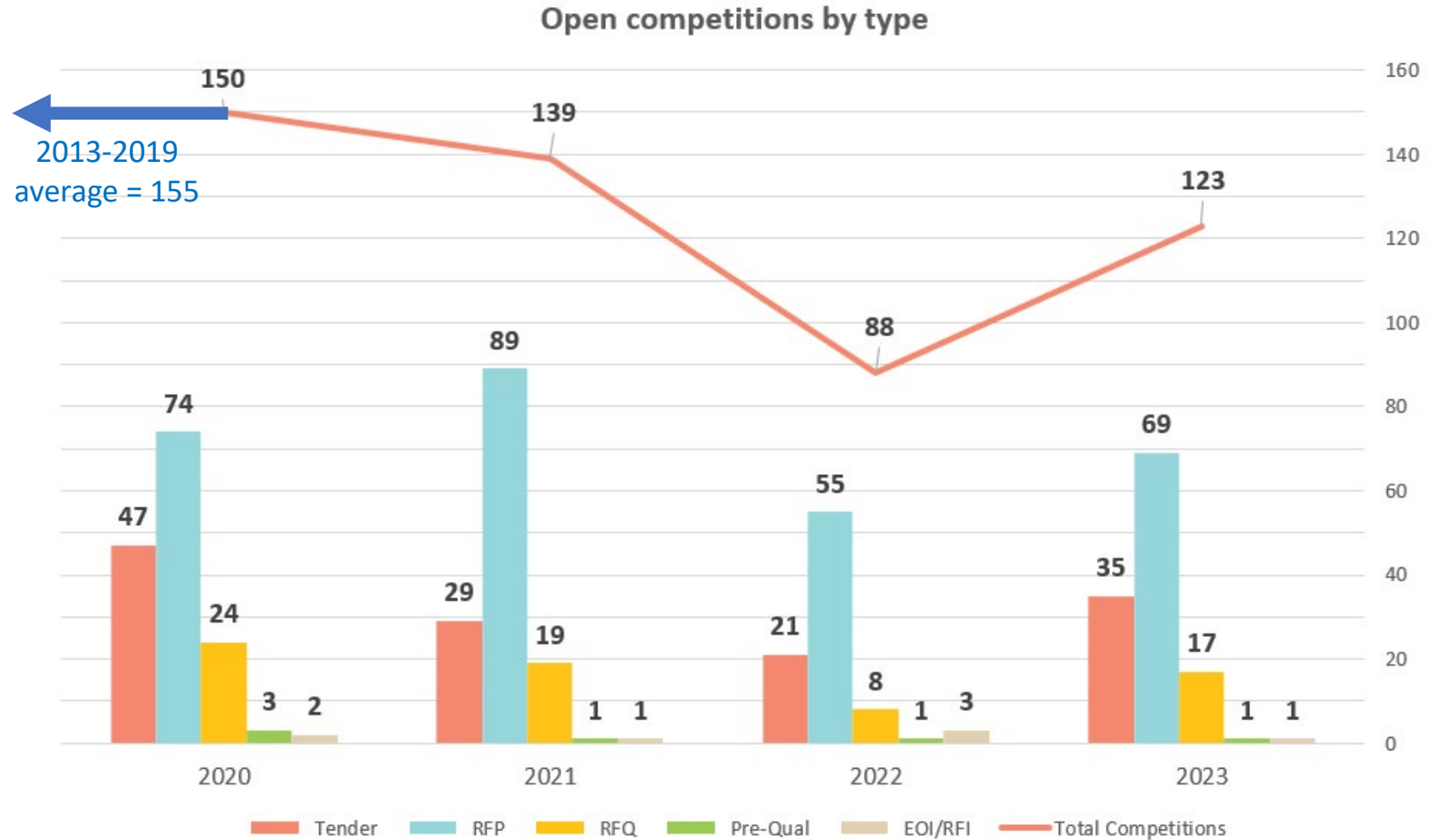
Non-standard procurement

- Non-competitive procurement (Sole Sourcing, Direct Awarding)
- Limited competition

Emergency purchases

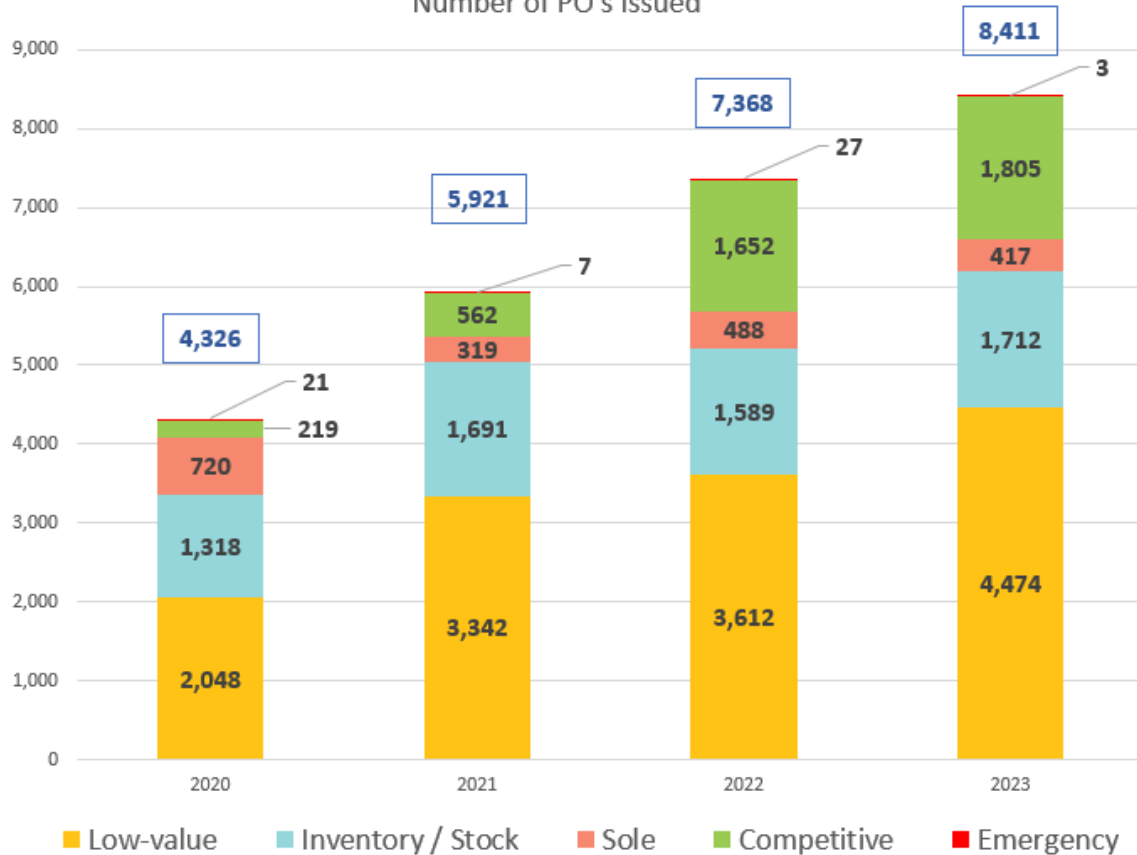
Procurement highlights – Open Competitions

- Competitions: 123
- Suppliers registered: 1376
- Bids received: 491
- Bids per competition: 4.1
- Contracts awarded: 156
- Contracts value: \$73.4M
 - Regional: \$49.6M
 - Provincial: \$19.4M
 - Other: \$4.4M

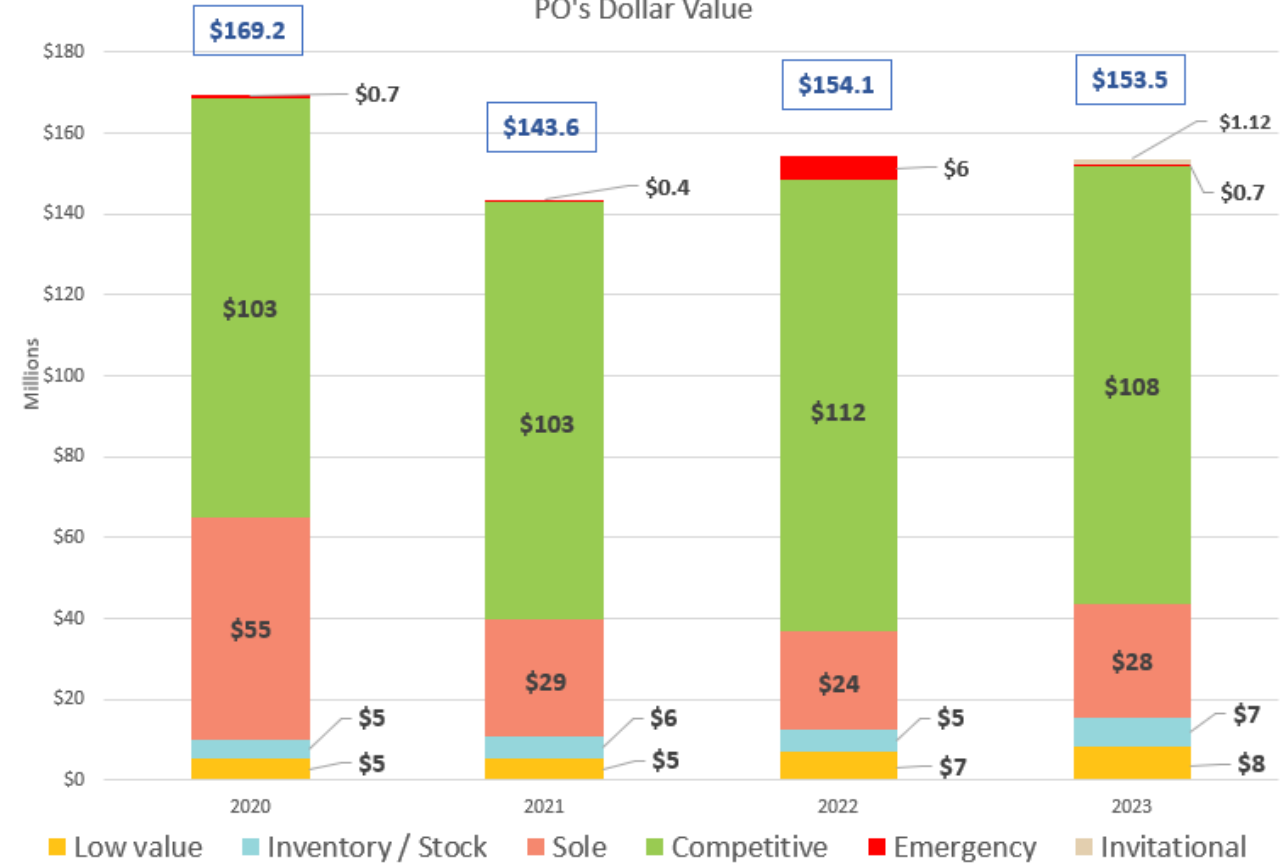


Procurement highlights

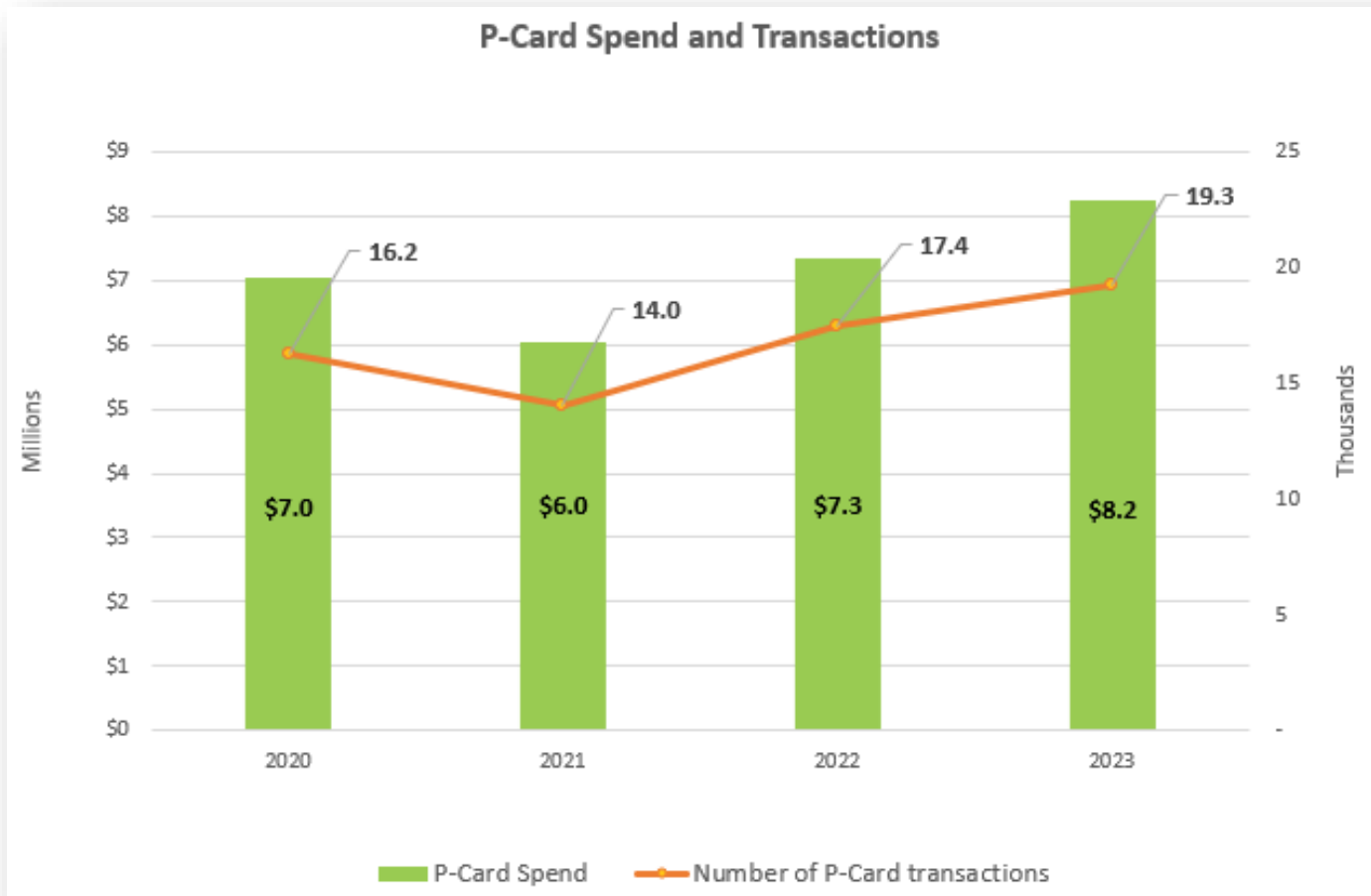
Number of PO's Issued



PO's Dollar Value



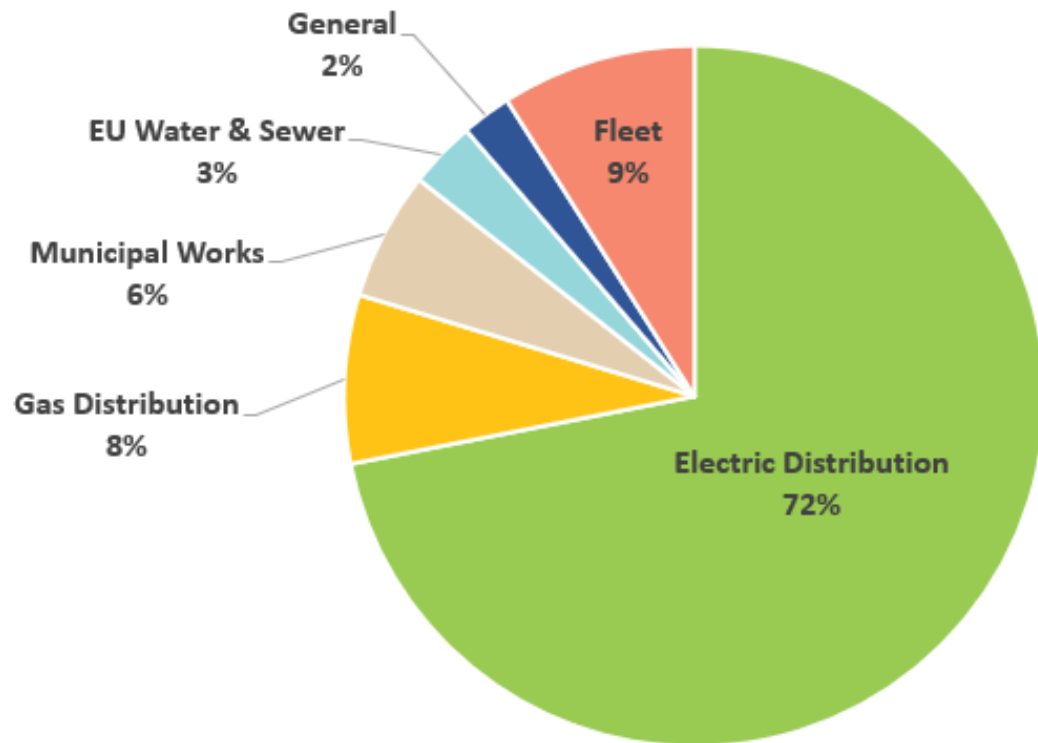
Procurement highlights – P-cards



- No of cardholders: 336
- New online approvals
- Completely paperless process
- Rebate received: \$82K

Inventory/Stores

Total value of inventory as of December 31, 2023: \$8.3M*



Different type of items stored:

Central Stores: 2,761

Fleet Stores: 2,842

Freight and deliveries:

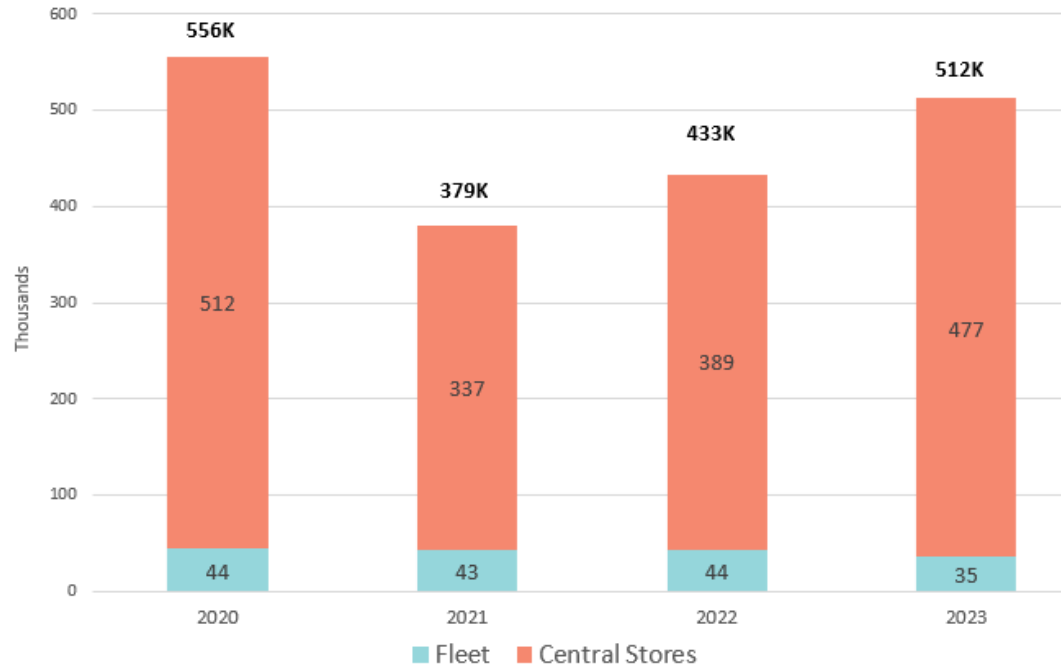
Incoming shipments received: over 2,000

Internal (Departmental) orders delivered: 444

*Note: The summary only includes inventory that is managed by Supply Chain at Fleet and Central Stores. Electric Generation holds about \$9.7M of inventory at their warehouse.

Inventory/Stores

Inventory levels by stock



Inventory levels by value



Challenges:

- Availability and lead-times.
- Price increases.

Accounts Payable

Invoice registrations 2023

24,007 total invoices registered

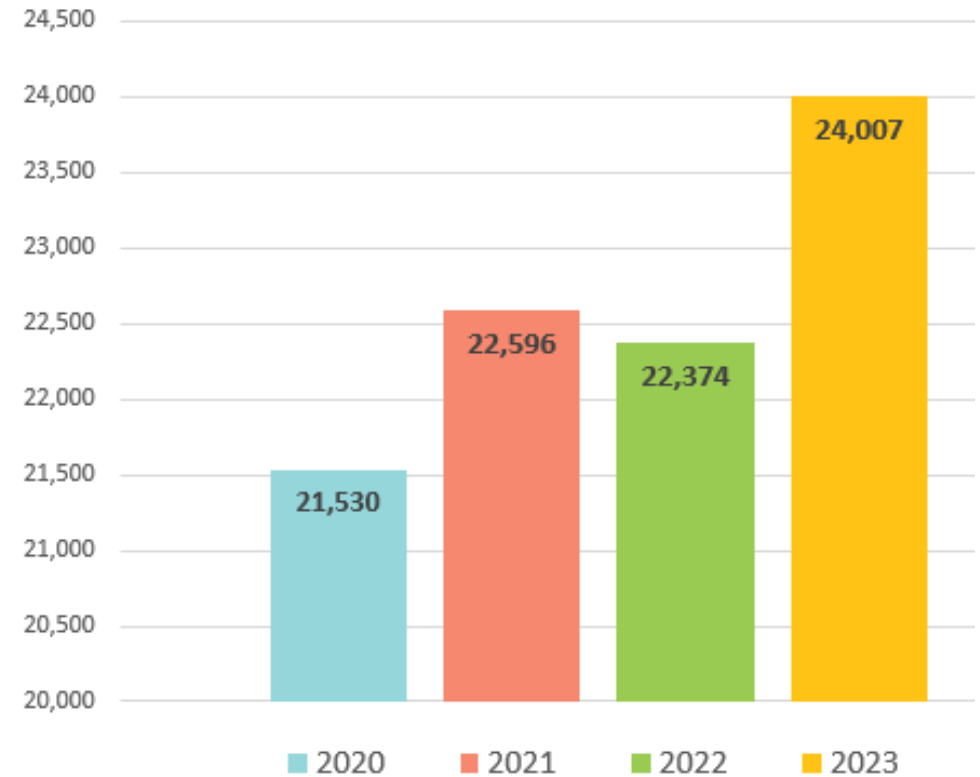
This translates to about:

- 461 weekly
- 96 daily
- about 8,000 per clerk/year

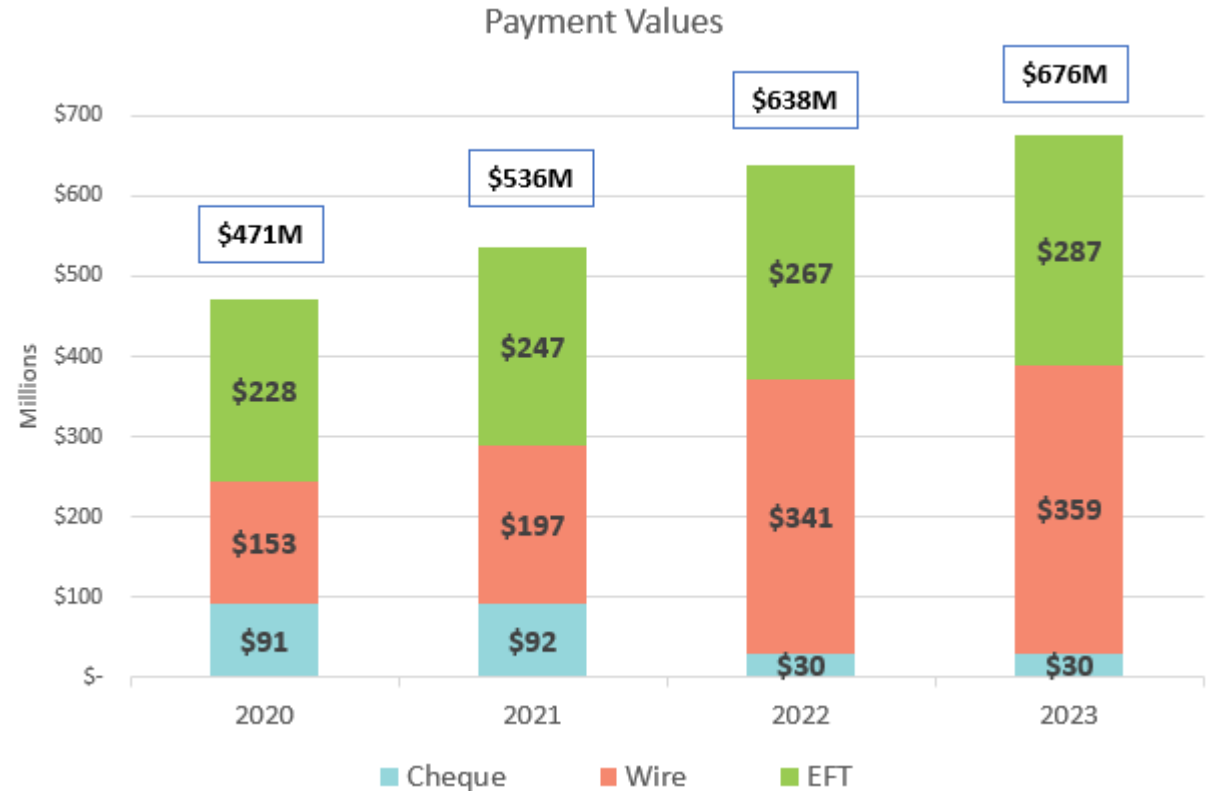
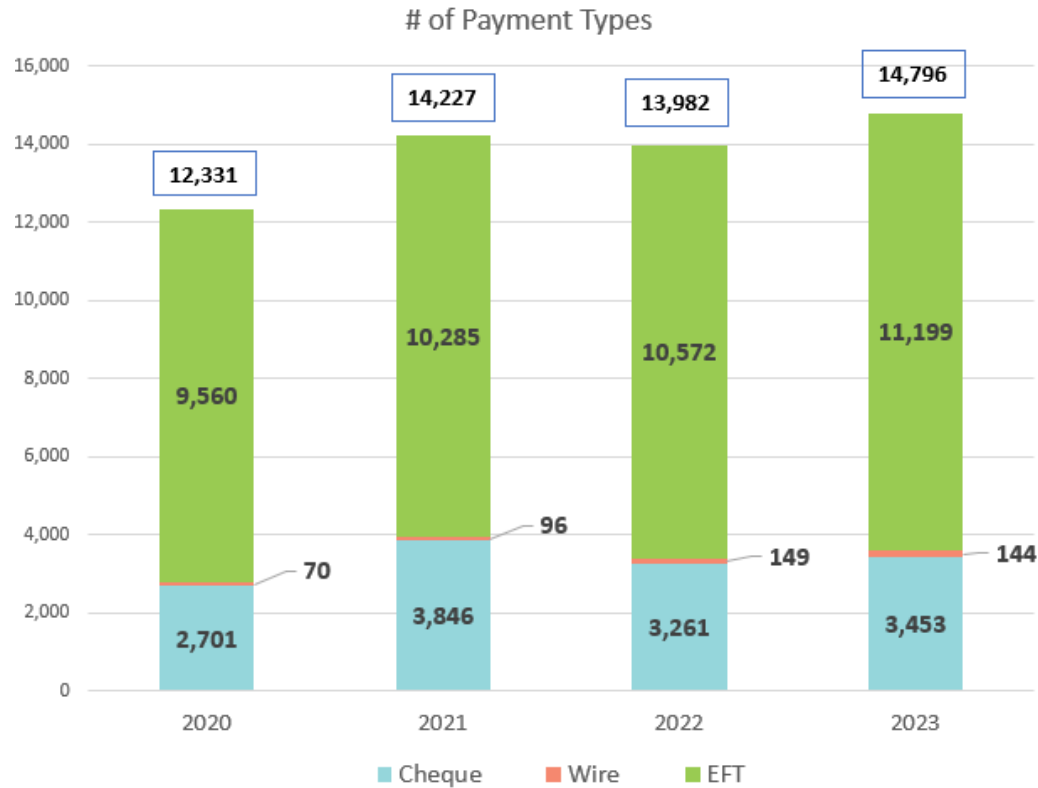
Kanbina AI (new Artificial Intelligence solution):

- 6,841 invoices were registered through Kanbina
- The accuracy of the system is 51%
- Target accuracy is over 85% when system is optimized

Invoices registered annually



Accounts Payable



94% of Supplier payments are on EFT compared to 89% in 2020

Average payment time: 23.77 days

Over 30 days: 7.4%; 0 – 30 days: 92.3 %; Paid early: 0.3%

2023 Accomplishment Highlights

- Accounts Payable AI supported invoice registration project (Kanbina) – went live in August.
- P-card online, electronic approvals project – implementation was completed in October.
- Procurement Policy and Protocols review was completed in August. The recommended changes resulted in updating the Spend and Commitment Authority Policy and Procurement Protocols.
- Continued efforts to establish Citywide contracts. Currently there are 31 different Citywide contracts available with 62 different suppliers.
- Continued efforts with building relationships with internal and external stakeholders:
 - Procurement and Warehouse engagement sessions –11 sessions between March-April.
 - Construction Association and Chamber of Commerce ongoing meetings typically twice a year.

What is coming this year?

- New Procurement Bylaw to delegate the signing of purchasing contracts.
- Procurement 101 training – Animated training videos and basic procurement manual for employees.
- Continue inventory management optimization efforts – Hiring of Inventory Management Supervisor, explore implementing alternative supply mechanisms to right-size current inventory.
- Implement automated AP payment proposal run process to replace the current, manual payment proposal process.
- Kanbina AI optimization – the target is to get to 85% accuracy by the end of the year.
- Continue dialogue with the MH Construction Association and MH Chamber of Commerce through focus group meetings.

Thank You!

Questions?