

TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON NOVEMBER 7th, 2017
FROM:	SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES AND DEARNESS HOME
SUBJECT:	AWARD REQUEST FOR PROPOSAL 17-11 GROUP PURCHASING ORGANIZATION SERVICES

RECOMMENDATION

That, on the recommendation of the Managing Director Housing, Social Services and Dearness Home and concurrence of the Director, Financial Services the following actions **BE TAKEN** with respect to the award of the contract for Request for Proposal (RFP) 17-11 Group Purchasing Organization Services – Long Term Care:

- (a) that, the proposal submitted by Silver Group Purchasing (SGP), owned and operated by Extendicare (Canada) Inc., 3000 Steeles Ave., Markham, Ontario, L3R 9W2, **BE ACCEPTED** for a period of three (3) years commencing on January 1, 2018 with the option to renew for an additional two (2) years noting the proposal submitted meets the City's requirements and is in compliance with the Procurement of Goods and Services Policy,
- (b) that, Civic Administration **BE AUTHORIZED** under the Supply Chain Group Purchasing Organization to purchase the required items for the City of London, Dearness Home and other Social Service areas such as Discretionary Benefits as described herein,
- (c) that, on the approval given herein **BE CONDITIONAL** upon the Corporation negotiating satisfactory terms and conditions with SGP to the satisfaction of the Managing Director, Housing, Social Services and Dearness Home,
- (d) that, Civic Administration **BE AUTHORIZED** to undertake all the necessary administrative acts in connection with this matter; and
- (e) that (a), (b), (c) and (d) **BE CONDITIONAL** upon The Corporation of the City of London entering into a contract approved by Council related to this matter.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- January 21, 2013 (Community and Protective Services Committee) Single Source for the Supply of Foods Products
- December 9th, 2013 (Community and Protective Services Committee) Single Source For A Supply Chain Group Purchasing Organization

BACKGROUND

Purpose:

To recommend Silver Group Purchasing (SGP) be declared the successful proponent who will provide supply chain group purchasing services to various City of London service areas, including Dearness Home, City Golf courses, City Hall Cafeteria, Storybook Gardens, Seniors Centres, and the Social Services Discretionary Benefits program.

Purchasing Process:

Approval for this award is requested in accordance with the Procurement of Goods and Services Policy, Section 12.2, clause (b).

Context:

On December 17th, 2013 Council approved a one year contract with Silver Group Purchasing, with three (3) one-year optional renewals. The contract came into effect on January 1st, 2014 and the last contract renewal period is due to expire Dec 31, 2017 with no further options to renew.

Under the current SGP contract, there is no associated membership fee to procure products. In addition to membership pricing discounts provided to the City by SGP, the City participated in SGP's Revenue Share Program. Under this program, SGP assigned the City to its 25% Revenue Share Group, based on the estimated volume of total purchases expected to be made by the City. Membership to the group means 25% of revenue collectively generated on rebate-eligible contract purchases is shared proportionately among members of the group, based on each member's total purchases.

In 2014, the City of London's total purchases as reported by SGP were \$1,094,818, which steadily increased to \$1,517,399 in 2016 and is currently on pace to achieve or surpass 2016's total purchases. The increase is mainly attributed to Civic Administration expanding products purchased through SGP once previously established /existing product contracts with other vendors were concluded. Transitioning these products allowed the City to take further advantage of the cost savings, product quality and the value added aspects the SGP contract affords.

Discussion:

Under this proposed agreement the City of London, at its sole discretion, will continue to procure various food products for the Dearness Home, City Golf courses, City Hall Cafeteria, Storybook Gardens and the Seniors Centres through SGP to maximize cost savings, quality and valued added benefits. Also, products specific to long term care including but not limited to the following will continue to be procured through SGP:

- medical supplies;
- incontinence products;
- chemicals;
- resident handling and hygiene systems;
- resident furniture and equipment;
- housekeeping, laundry, and linen supplies

Further, Civic Administration intends to explore and expand the SGP volume purchasing contract to include similar products procured through the Social Services Discretionary Benefits program. Some examples of the Discretionary Benefits Program products that could be transition to the SGP contract include but are not limited to:

- incontinence supplies;
- grab bars and safety rails;
- safety or medical equipment

In addition to the current SGP contract, the City is under various contracts (through the City's competitive purchasing process) for products related to Dearness Home and the Discretionary Benefits program. To continue to maximize cost savings to the City, Civic Administration intends to transition the supply of appropriate products only as the opportunity arises and if the transition of the products provides a reasonable benefit to the corporation. Lastly, Civic Administration may choose from time to time to purchase items outside of the SGP contract if there is a valid reason. For example, this might include current Dearness Home equipment with existing service warranties that may be voided if replacement parts are purchased through SGP or purchasing local products such as fresh produce that have better delivery options.

PROCUREMENT PROCESS

Request for Proposal 17-11 was released on August 25, 2017 through Purchasing and Supply, Finance and Corporate Services. It was posted on Biddingo.com with a closing date of September 15, 2017 and sought a Group Purchasing Organization that the City of London could join.

Two proponents responded to the Request for Proposal and were both deemed compliant for review by the internal committee composed of managers from Financial Services and Dearness Home. The internal committee reviewed the submissions against the requirements identified in the Request for Proposal and requested a presentation from one proponent to clarify the submission.

Silver Group Purchasing (SGP) was the highest scoring proponent and demonstrated the ability to meet the City of London and Dearness Home's needs.

Silver Group Purchasing (SGP) is a division of Extencicare (Canada) Inc. SGP specializes in purchasing services for organizations that provide senior's care and in conjunction with Foodbuy Canada, carries 45,000 brand items on contract with over 500 manufacturers and over 3500 partner sites. In addition to the potential for rebates and savings, expanding the type of purchases under the supply chain group purchasing organization, reduces the workload of the competitive purchasing process currently led by City purchasing staff.

Extencicare Assist Inc. is also a division of Extencicare and is the current provider of contracted administrative and consulting services at the Dearness Home (contract ending October 2018). Contracting with SGP for group purchasing is independent of the existing Extencicare Assist contract and will extend beyond its termination.

Procurement completed by SGP meets the specific requirements contained within the City of London Service Agreements with the South West Local Health Integration Network (SWLHIN) and requirements in accordance with the Procurement of Goods and Services Policy, Section 12.2, clause (b).

FINANCIAL IMPACT

There is no membership fee or additional cost to the City to utilize the services of Silver Group Purchasing. The annual expenditures for products purchased through this contract are included within the various service area approved budgets. Purchases specifically for the discretionary benefits program or long term care are contained within the Social Services and Dearness Home service based budgets respectively.

SGP Revenue Share Rebate Increase

Through the Request for Proposal process, SGP increased the City of London's share of rebates it will receive in the future, assigning it to the thirty five percent (35%) Revenue Share Group (up from the 25% group). Further, should the City's total sales volume exceed three million and one dollars (\$3,000,001.00) SGP will automatically adjust the City's revenue share to the next Revenue Share Group of forty five percent (45%). With each step up in Revenue Share Groupings the City will increase its revenue share which can be applied to offset costs. Lastly, SGP confirmed its ability and support to provide City staff with reports and customized product ordering templates to help ensure staff maximize rebate opportunities.

CONCLUSION

Through the use of Silver Group Purchasing (SGP) as a Supply Chain Group Purchasing Organization, the City will benefit from the strength of the organization's national buying program to procure the cost effective goods and services. In addition, there are other benefits offered through Supply Chain Group Purchasing Organizations including access subject matter experts, education, transition support, access to menus and detailed usage reports.

PREPARED BY:	
JASON WESTBROOK MANAGER, BUSINESS PLANNING PROCESS	
RECOMMENDED BY:	REVIEWED AND CONCURRED BY:
SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME	IAN COLLINS DIRECTOR, FINANCIAL SERVICES

Cc:

- J. Brown, Financial Business Administrator
- G. Smith Manager, Purchasing and Supply Operations
- G. Devito, Financial Business Administrator
- K. Murray, Senior Financial Business Administrator
- S. Oldham, Manager, Business Solutions & Customer Service
- J. Wills, Manager III, City Manager's Department
- L. Marshall, Solicitor II, City Solicitor's Office