



**ANNUAL REPORT ON THE APPLICATION OF
THE CONTRACT MANAGEMENT BY-LAW**

Covering the Period from January 1, 2019, to December 31, 2019

Tabled at the August 24, 2020, Public Meeting of Town Council

1. BACKGROUND

Sanctioned on June 16, 2017, the *Act mainly to recognize that municipalities are local governments and to increase their autonomy and powers* (the “Act”) has, since January 1, 2018, allowed municipalities to adopt rules governing their signing of contracts that involve an expenditure that is \$25,000 or higher but below the threshold above which contracts may be awarded only through a public call for tenders. Section 573.3.1.2 of the *Cities and Towns Act* stipulates that rules for this purpose must be included in the municipality’s contract management by-law.

In granting municipalities this new power, the Act also requires them to publish an annual report on the application of their contract management rules. Section 573.3.1.2 of the *Cities and Towns Act* further stipulates that the report must be tabled at a Council meeting at least once a year.

2. PURPOSE

The main purpose of this report is to improve the transparency of the Town’s contract management process by informing citizens of the application of the measures included in its contract management by-law.

3. CONTRACT MANAGEMENT BY-LAW

On December 13, 2010, by means of its By-law No. 10-1210, Town of Mount Royal Council adopted a Contract Management Policy.

Under the *Act mainly to recognize that municipalities are local governments and to increase their autonomy and powers* (also known as Bill 122) and, accordingly, to increase their autonomy and powers, the contract management policy currently in effect has, since January 1, 2018, been considered the by-law for municipalities that have not adopted a specific contract management by-law.

The Town found that this contract management policy which has become a by-law under the Act needed to be updated with respect to invited tendering for professional services. It was thus decided to adopt a complete by-law that incorporated the earlier rules and included changes appropriate for the current situation.

The changes are as follows:

- A new section was added to allow professional services contracts between \$25,000 and \$50,000 to be awarded on a mutual agreement basis;
- A new section on measures to encourage rotation among potential contracting parties was added. To this end, the by-law provides that, when awarding contracts that involve an expenditure of at least \$25,000 but less than \$50,000 by mutual agreement, the municipality must aim to involve the greatest number of firms from among those able to meet its needs by favouring rotation among potential contracting parties whenever possible. However, such rotation must not be to the detriment of sound management of public spending;
- Update of the winning bidder’s declaration to make it easier to understand.

On August 28, 2019, by means of Resolution No. 19-08-21, Council adopted Town By-law No. 1458 Concerning Contractual Management.

4. STATISTICS FOR CONTRACTS ENTERED INTO BETWEEN JANUARY 1 AND DECEMBER 31, 2019

The Town may enter into agreements by three main solicitation methods: by mutual agreement, by awarding the contract through a call for tenders by invitation or by awarding the contract through a public call for tenders.

The contract's estimated total value determines which method is used.

Table 1 presents the number of contacts awarded through each awarding method as well as the value of the contracts involving an expenditure of \$25,000 or higher.

Table 1: Number and value of contracts involving an expenditure of \$25,000 or higher

Award	Number of contracts	Value
Call for tenders by invitation (above \$25,000, below \$100,000)	33	\$1,621,179
Call for tenders by invitation – additional expenditure authority	2	\$10,840
Call for tenders by invitation – contract extension	2	\$9,514
Call for tenders by invitation – contract renewal	2	\$50,457
Public call for tenders (over \$100,000)	36	\$12,047,737
Public call for tenders – contract addition	2	\$637,847
Public call for tenders – additional expenditure authority	15	\$1,003,211
Public call for tenders – contract extension	2	\$111,400
Public call for tenders – contract renewal	20	\$2,982,125
Agreement with another municipality	1	\$40,371
By mutual agreement – exceptions specified in CTA section 573.3	12	\$1,078,119
By mutual agreement	1	\$25,131

5. MEASURES INCLUDED IN THE CONTRACT MANAGEMENT BY-LAW

Town of Mount Royal's contract management by-law includes several measures aimed at ensuring compliance with the law, as applicable to contracts, with respect to integrity, accessibility, transparency, ethics, impartiality and accountability. These measures were complied with.

6. COMPLAINTS

The Town received no complaints regarding the application of the Contract Management By-law in 2019.

7. SANCTIONS

No sanctions related to the application of the Contract Management By-law were imposed in 2019.

8. BEST CONTRACT MANAGEMENT PRACTICES

Sound contract management practices are in place in Town of Mount Royal. In particular:

- Most of the persons involved in the contract management process have taken part in training activities;
- To ensure impartiality, consistency and transparency toward all potential tenderers, an external consultant that has advised the Town during the pre-project phase may not also submit a bid for the project. A legal opinion has been obtained on this point;
- The Town has implemented measures to encourage rotation among potential contracting parties. The municipality aims to involve the greatest number of firms from among those able to meet its needs by favouring rotation among potential contracting parties whenever possible. However, such rotation must not be to the detriment of the sound management of public spending;
- The Town has implemented mechanisms governing the contractor performance evaluation process;
- All bids received are checked for compliance. Bids deemed non-compliant are documented as such;
- The register of companies ineligible for government contracts is checked before awarding any and all contracts;
- Change orders, cost overruns and other changes to contracts are authorized when incidental to the original contract, when they do not change the nature of the contract and when they relate to items unforeseeable at the time the contract was awarded. All contract changes are authorized, based on the amount of additional spending, by the level of authority stipulated in the Delegation of Authority By-law or by Council once the amount of the changes exceeds the total expenditure allowed under the resolution awarding the contract.

Report tabled at the August 24, 2020, public meeting

Nathalie Rhéaume, CPA, CA
Treasurer and Director of Material Resources