

CITY OF NANAIMO

BUSINESS CASE – Finance Department, Assistant Manger, Procurement

CURRENT OVERVIEW

Purchasing and Stores is responsible for overseeing and controlling the purchase of more than 50 million dollars in goods and services for the City annually. Staff provides support and guidance to all City departments including ensuring compliance with the City's Procurement Policy, advancing the City's Sustainable Procurement Policy, and training and education on public procurement.

The Purchasing and Stores section currently consists of:

- Manager
- Stores Supervisor
- Stores Clerks (2)
- Buyers (5)
- Purchasing Administration Clerk

Adoption of Procurement Policy COU-209 in 2017 transformed the City from a decentralized to a centralized procurement organization resulting in increased demands on the procurement staff. Changes to trade agreements has resulted in requirements for public entities to provide formal debriefs to unsuccessful bidders, an increased number of single source and public opportunities, vendor assistance in navigating the City's procurements, and contract risk assessment and risk mitigation. Pressures on the global supply chain have also negatively impacted the day-to-day activities.

In addition, several new initiatives and improvements to existing procedures resulted from the new policy requiring procurement to:

- Provide strategic advice.
- Be engaged at the early planning stages of major projects.
- Consolidate/group purchases to achieve efficiencies and economic value.
- Work with the various internal City departments to ensure compliance.
- Promote Vendor Performance Evaluations to assist in developing a stronger supplier base; and
- Advance 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.

BUSINESS ISSUE

In recent years, the Purchasing and Stores section has seen its volume of work grow exponentially due to a growing City and changing technology. This has resulted in an increased number of contracts, higher volume of information requests, additional support required from Purchasing and Stores by departments, and the Manager, Purchasing and Stores spending a significant amount of time on day-to-day operations. With current Buyer positions working at capacity, it limits the ability of the Manager, Purchasing and Stores from delegating resulting in:

- Reduction of strategic planning by the Manager, Purchasing and Stores.
- Slower response time/completion of current ongoing projects.

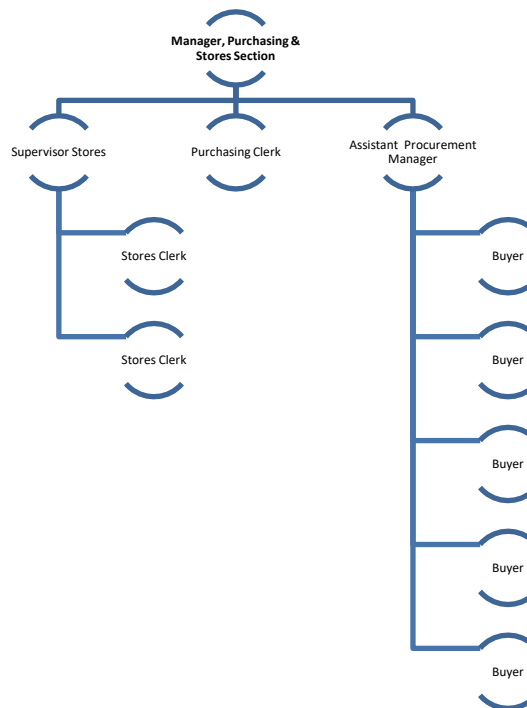
- Reduction in identifying opportunities for proactive policy improvements.
- Daily use templates not updated resulting in increased risk for the City.
- Reduction in ability of staff to provide higher service levels (projects and implementation).

EXPECTED OUTCOME

The Assistant Manager, Procurement would oversee the tactical day-to-day activities providing the additional resources required to manage the City’s Purchasing and Stores section effectively and efficiently.

Increased capacity is anticipated to:

- Allow the Manager, Purchasing and Stores the ability to provide further strategic advice.
- Address capacity to oversee and provide leadership to staff in the day-to-day operations.
- Provide the ability for the Manager, Purchasing and Stores to respond to issues of concern, strategically plan, and provide expert advice, effectively.
- Allow for management and maintenance of projects through their life-cycle.
- Improve response time to departments for procurement support and advice.
- Increase capacity for Purchasing and Stores staff to focus on the core functions of their positions.
- Allow the ERP Software Project to be supported and implemented by providing the necessary coverage for staff seconded to the project.
- Allow Purchasing staff to work on progressive projects.
- Build the necessary succession plan for the Purchasing and Stores section:



OPTIONS

Option #1 – Assistant Manager, Procurement Position

Create a permanent full-time Assistant Manager, Procurement position reporting to the Manager, Purchasing and Stores.

Benefits:

- Increase capacity of Purchasing and Stores function to meet current and future expectations and demands.
- Provide support to the Manager, Purchasing and Stores to allow for more strategic initiatives.
- Provide additional coverage of the procurement function in the absence of the Manager, Purchasing and Stores.

Weaknesses:

- Permanent increase to operating budget.

Financial Analysis:

- Position is anticipated to be at a management level 5, subject to JEC, with an annual salary of \$115,500 plus benefits. 2024 budget impact including benefits is estimated at \$110,700 based on an April 1st start, 2025 budget impact is estimated at \$152,800.
- Additional annual costs are anticipated at \$5,350 for membership dues, professional development, and computer and cell phone charges.
- One-time costs upon the creation of the position are projected at \$10,950. This includes the purchase of computer and office furniture.

Option #2 – Status Quo

Continue with the current organizational structure.

Benefits:

- No impact to operating budget.

Weaknesses:

- Service levels will remain status quo and there will be little to no ability to undertake additional projects.
- Projects will continue to take longer than desired to execute and complete.
- Lack of oversight and strategic direction for procurement.
- Does not provide ability for department to make proactive improvements.
- Slower response times for financial support and advice to City departments.

RECOMMENDATION

Option #1 is recommended.