



Report To: Manitoulin-Sudbury DSB Finance Committee
From: Connie Morphet, Director of Finance & Administration
Amy Sonnenburg, Finance Supervisor
Date: October 22, 2014
Re: **Vendor of Record (VOR) - Issue Report**

Background

The Ministry of Government Services (MGS) has assembled a list of vendors to offer specific goods or services to provincially funded organizations. These Vendor of Record (VOR) arrangements are a list of vendors that have been selected because they meet the requirements of the government procurement directive. A VOR arrangement allows one or more vendors to offer specific goods or services to buyers. These arrangements are valid for a defined time period, with defined terms and conditions and pricing.

In addition to Ontario government ministries, four types of public sector organizations have the option to use the VOR arrangements upon approval from their funding ministry:

- Select classified, non-classified and hydro entities (referred to as Other Included Entities in the Management Board of Cabinet Procurement Directive);
- Legislative Assembly;
- Municipalities, colleges, universities, school boards, hospitals, Community Care Access Centres, Children's Aid Societies and shared service organizations; and
- Other transfer payment recipient organizations.

In 2013 the Manitoulin-Sudbury DSB was granted approval to utilize Ontario's Vendor of Record (VOR) arrangements.

Current Utilization:

To utilize the VOR to its fullest potential; the Manitoulin-Sudbury DSB has changed some of the vendors we purchase from and our purchasing procedures. New vendors and agreements are regularly added to the VOR therefore utilization of some vendors has been for a longer duration than others. When utilizing vendors cited in the VOR we have noted that some of these changes have shown instantaneous savings, and some will prove cost effective over a longer duration.

Courier Services

In 2012 we utilized Purolator Courier, in 2013 under the VOR we switched to CANPAR Transportation. In late 2013, MGS changed the VOR for courier services to Purolator. This annualized savings has been captured in a reduction for courier services in the 2015 budget.

Courier Services	Regular Pricing 2012	VOR Agreement 2013	Annualized Savings	
Annual Cost	\$20,457	\$14,549	\$5,908	41%

Office Supplies

Before the utilization of the VOR we utilized Staples Business Depot under the banner of Corporate Express, during this time pricing was competitive when compared to retail pricing. Under the VOR we continue to use Staples Business Depot under the E-Way Banner. Under the VOR we are seeing vast differences on certain items that we regularly purchase, lower than the corporate pricing. Although we have achieved significant savings on some items, the cost of several other regularly purchased items have increased, for example paper and printer toner (purchased through Dell Computers).

Item	Regular Pricing Corporate Express 2012	VOR Agreement E-Way 2013	Per item savings	
Kraft Envelopes (one case)	\$55.10	\$7.31	\$47.79	87%
Post it Notes (12 pack)	\$39.99	\$2.72	\$37.27	93%
Duracell AA Batteries (4 pack)	\$5.99	\$0.68	\$5.31	89%

Office Supplies	Regular Pricing* 2012	VOR Agreement* 2013	Annualized Savings	
Annual Cost	\$61,790	\$52,348	\$9,442	15%

* One time programs have been excluded from the analysis

Office Supplies: Office Furniture

Office furniture is replaced on an as needed basis. Since we have obtained the use of the VOR we have replaced two office chairs with significant savings. The chart below details

a direct product comparison of an identical chair offered from Staples to the VOR vendor Global Upholstery Co.

Office Chair	Regular Pricing Staples	VOR Agreement Global Upholstery Co.	Per item savings	
Obusforme Ergonomic	\$475	\$252	\$223	47%

Office Supplies: Secure Document Shredding

Since the inception of the Manitoulin-Sudbury DSB, secure document shredding has been performed on site at 347 Second Avenue and 210 Mead Boulevard by Amirault Shredding Services. Shredding that occurs at satellite offices and EMS stations is very minimal and small office sized shredders are employed; most physical files are held in Espanola. When the VOR was implemented service from Iron Mountain Canada Operations ULC.

Secure Document Shredding	Regular Pricing* 2012 Amirault Shredding	VOR Agreement* 2013 Iron Mountain	Annualized Savings	
Cost Per Bin	\$45.00	\$25.20	\$19.80 per bin	
Annual Cost	\$1372	\$768	\$604.10	44%

Paper Products and Cleaning Supplies

Before the use of the VOR, Wood Wyant and Reliable Maintenance Cleaning Supplies offered us volume pricing on several of their products. However, upon utilization of the VOR supplier GK Chemicals, we have realized significant savings. In order to obtain these savings we have had to alter our purchasing patterns. GK Chemicals has minimum ordering requirements and therefore products need to be bulk purchased; resulting in higher upfront costs, with savings over the long term.

Item	Regular Pricing Wood Wyant	VOR Agreement GK Chemicals	Per item savings	
Black Garbage Bags 22X24 Case 500	\$21.78	\$15.48	\$6.30	29%
Toilet Tissue 2 ply 48 rolls	\$37.26	\$23.95	\$13.31	36%
Facial Tissue 30 boxes/case	\$49.56	\$25.00	\$24.56	50%

Paper Products and Cleaning Supplies	Regular Pricing* 2012 Wood Wyant and Reliable Maintenance	VOR Agreement* 2013 GK Chemicals	Annualized Savings Housing and Administration*	
Annual Cost	\$17,542	\$14,971	\$2,571	17%

*Due to the nature of the ordering requirements of GK Chemical, only the housing and administration departments are utilizing GK Chemicals for their cleaning supplies.

Propane

The VOR details Superior Propane as the preferred provider of propane. Although only a few of our buildings utilize propane as a source of heating fuel, several utilize propane as the alternative energy to utilize the generators. The savings realized has resulted in a decrease in the housing and administration budgets for 2015.

Propane (excludes tank rentals)	Regular Pricing 2012	VOR Agreement 2013	Annualized Savings	
per litre price	\$0.96	\$0.56	\$0.40	
Annual Cost	\$32,108	\$18,668	\$13,440	42%

CONCLUSION

DSB staff will continue to explore all vendor of record opportunities to ensure the DSB is purchasing supplies and services in the most cost effective manner.