

# Cullen says City should adopt rules for competitive procurement

BY JAKE RUPERT, THE OTTAWA CITIZEN    APRIL 23, 2009

OTTAWA — In light of recent events, the city, like many other governments, should adopt policies against accepting unsolicited proposals or sole-sourcing contracts — and make holding competitive processes for all procurement activities mandatory, Bay Councillor Alex Cullen says.

He has the backing of a public sector procurement expert too.

Michael Asner, who wrote a book on best public sector procurement practices, says competitive processes are the best way to guarantee taxpayers' interests are protected when governments are deciding what companies to do business with.

"On the face of it sole-sourcing is an offence to sound public policy," Asner said. "We have competition for a reason: It's to protect the public interest.

"Fair and open competitions done in the public domain result in the best deal for taxpayers. This is an accepted principle industry-wide."

Cullen said recent city procurement decisions are damaging the city's reputation and it has to stop.

"It's obvious we need a refresher course in procurement ethics, including looking at a rule that the city does not accept unsolicited proposals or sole source," he said. "What's happened is bad for the city's reputation. It makes it difficult to do business with the City of Ottawa. Is it who you know? Is it who you are?"

His comments came Thursday, one day after two contentious council decisions dealing with procurements.

Council decided to sole-source the potential redevelopment of Lansdowne Park to one group of local developers and to engage in a possible sole-sourcing of a new parking meter system. Two weeks ago, elected officials on the city's economic affairs committee also voted to explore sole-sourcing a voice-over-internet protocol (VOIP) contract.

In each case, the pattern was the same:

First, Council decided to hold competitions to determine the fate of Lansdowne Park, choose a VOIP provider, and choose a company to provide pay-and-display parking machines.

As the competitions were unfolding, businesses made unsolicited proposals to the city, and after they were made, the competitions were stopped by votes by elected officials to explore the opportunities presented by the proposals.

In the case of the parking machines, Precise ParkLink made its proposal while the city's

procurement experts were seeking qualified companies to bid on providing the machines. Mitel's unsolicited proposal for VOIP, which includes a gift of \$2 million worth of equipment, was made after it was informed it had lost the competition to a Bell-Cisco bid. The group of developers the city is negotiating the Lansdowne deal with made their proposal when the city was still trying to figure out what it wanted to do with the prime piece of real estate through a design competition.

Bell and Cisco have said they are watching to see if the city's legal department allows the Mitel move, some councillors are expecting legal action from the community over the Lansdowne decision, and lawyers for a competing parking business have sent a letter to the city saying they believe the what the city is doing with PreciseLink is against the municipal act and could result in legal challenges.

On top of these, the city is currently fighting a \$277-million lawsuit filed by companies chosen to do a roughly \$1 billion light-rail project by council in 2006. The project was cancelled by council later.

Moves like this make Asner shudder.

He said in the world of public sector procurement, the golden rule is having competitive processes leading to the selection of companies to partner with, buy things from, and hire for advice.

He also said procurement processes work best when politics is kept out of the process.

He said it's appropriate to have politics involved in the decision to do something or buy something, but once that decision is done, it's best to leave the process of choosing companies up to procurement experts in the government.

He said many governments adopted rules against accepting unsolicited proposals and sole-sourcing after problems emerged.

He said companies can still come to governments with ideas, but then the ideas have to stand up against others with expertise in various areas to see if there's anything better or cheaper to be had.

"If somebody comes along and says, 'Hey, I want to do this with this land you own,' you say, 'Great, I wonder what others would do. Let's have a competition to see what's out there,'" he said. "It's a pretty simple concept."