

Information Brief

Council Meeting date: March 16, 2026

Referred by: Administrative Committee – February 18, 2026
Corporate Services Committee – February 26, 2026

Prepared by: Tibor Domian, Manager of Supply Chain

Department: Finance – Supply Chain

2025 SUPPLY CHAIN ANNUAL REPORT

FOR INFORMATION ONLY

This report is provided for information.

STRATEGIC ALIGNMENT

Innovation ☒	Economic Evolution ☐	Service Orientation ☒
Partnerships & Governance ☐	Community Wellness ☐	Resiliency & Sustainability ☐

RELEVANT LEGISLATION / PREVIOUS COUNCIL MOTIONS

City's Procurement Policy No. 0173 Section 2.01 (d) - City Council is responsible to "receive and review regular Procurement reporting provided by staff." and 2.03 (a) xiv. Procurement Services is responsible for "reporting Procurement activity annually to the Administrative Committee."

BACKGROUND / ANALYSIS

The 2025 Supply Chain Annual Report provides a high-level summary of Procurement, City Stores and Accounts Payable, which are the three areas of Supply Chain at the City.

The report describes the different procurement methods that are used at the City, and it provides highlights of the open competitions conducted through the year as well as three-year comparative information of purchase order types and values, accounts payable types and values, and an overview of the inventory managed under Supply Chain.

The report also provides a summary of the accomplishments achieved in Supply Chain during 2025 as well as a preview of the objectives for 2026.

FINANCIAL IMPLICATIONS

This report provides a high-level overview of how public funds were spent through purchases in 2025.

Funding Request:	No	
Budgeted Item:	No	Funding Source: N/A
Competitive Grant Funding Contemplated:	No	
Funding Explanation:	N/A	
Budget Amendment Form:	No	

INTERNAL AND EXTERNAL ENGAGEMENT CONSIDERATIONS:

N/A

PUBLIC PARTICIPATION REQUIRED FOR IMPLEMENTATION

Public is informed of this report through Open Committee and Council.

Inform
☒

Consult
☐

Involve
☐

Collaborate
☐

Empower
☐

ALTERNATIVE OPTIONS / PROS AND CONS

There are no alternatives or options to consider as this item is for information only.

IMPLEMENTATION PLAN

There is no implementation plan as this item is for information only.

REVIEWED AND APPROVED BY:	Lola Barta Director of Finance and Interim Managing Director of Corporate Services/CFO	2026-02-09
ATTACHMENTS:	1: Supply Chain Annual Report 2025 – PPT Presentation	



Medicine Hat

ATTACHMENT #1
FINANCE DEPARTMENT
February 26, 2026



Supply Chain Annual Report 2025

General framework for procurement at the City

- Public procurement principles (fair, open and transparent process with equal treatment for vendors).
- Internal and external governance (e.g. MGA, Trade agreements, City policies and bylaws).
- Proper valuation of the purchase, in order to select the most appropriate approach.
- **Objective: to maximize the expected value for taxpayer's dollars and minimize the City's risk, while following the key principals, that guide all procurement decisions and actions.**

Procurement Methods at the City

Standard procurement

- Ordering from existing (Citywide or Group Purchasing Org.) contract – no limit up to contract amount
- Low value purchases (PO or P-Card) – up to \$10,000
- Invitational competition* – up to \$75,000 when minimum 3 vendors are invited (*optional process for Departments)
- Open competition – any value over \$10,000

Non-standard procurement

- Non-competitive procurement (Sole Sourcing, Direct Awarding)
- Limited competition

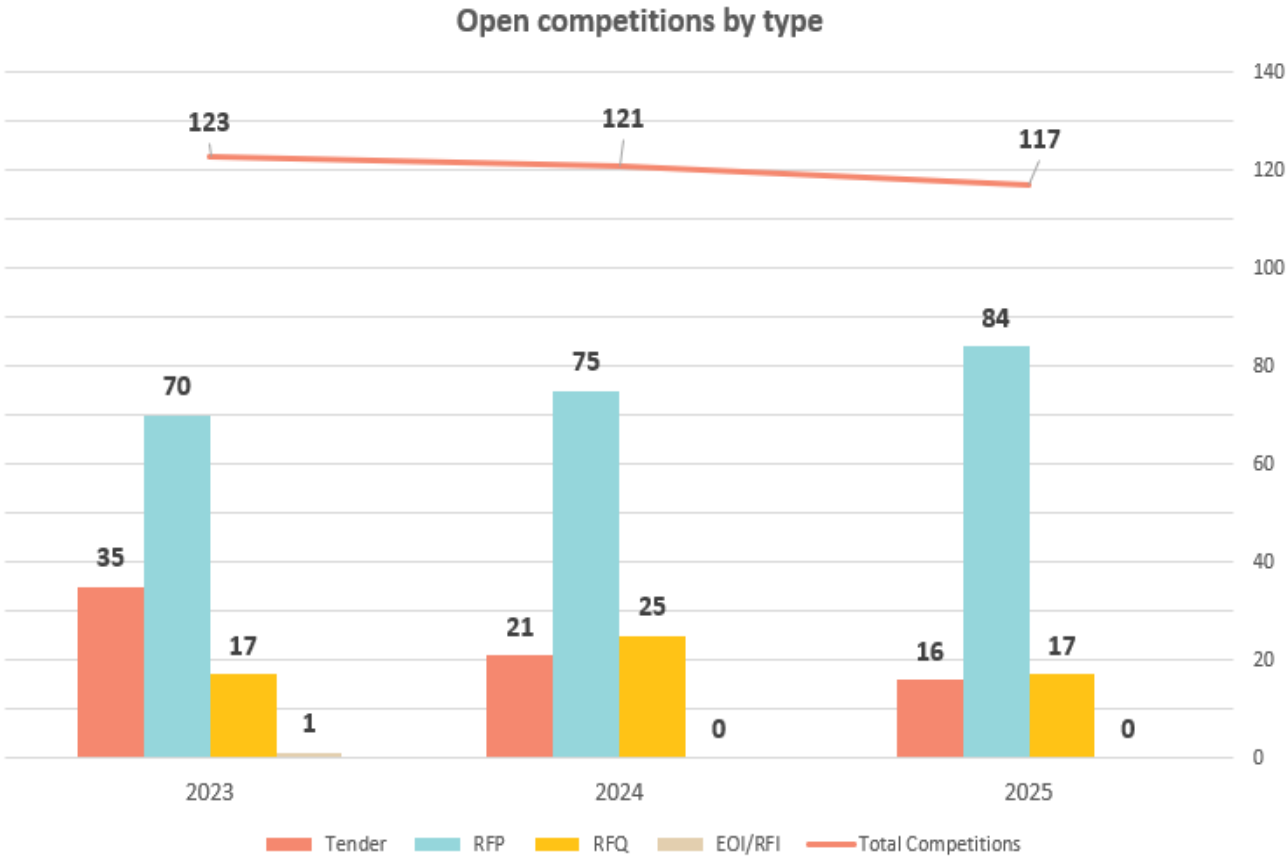
Emergency (Disaster mitigation) purchases

Procurement

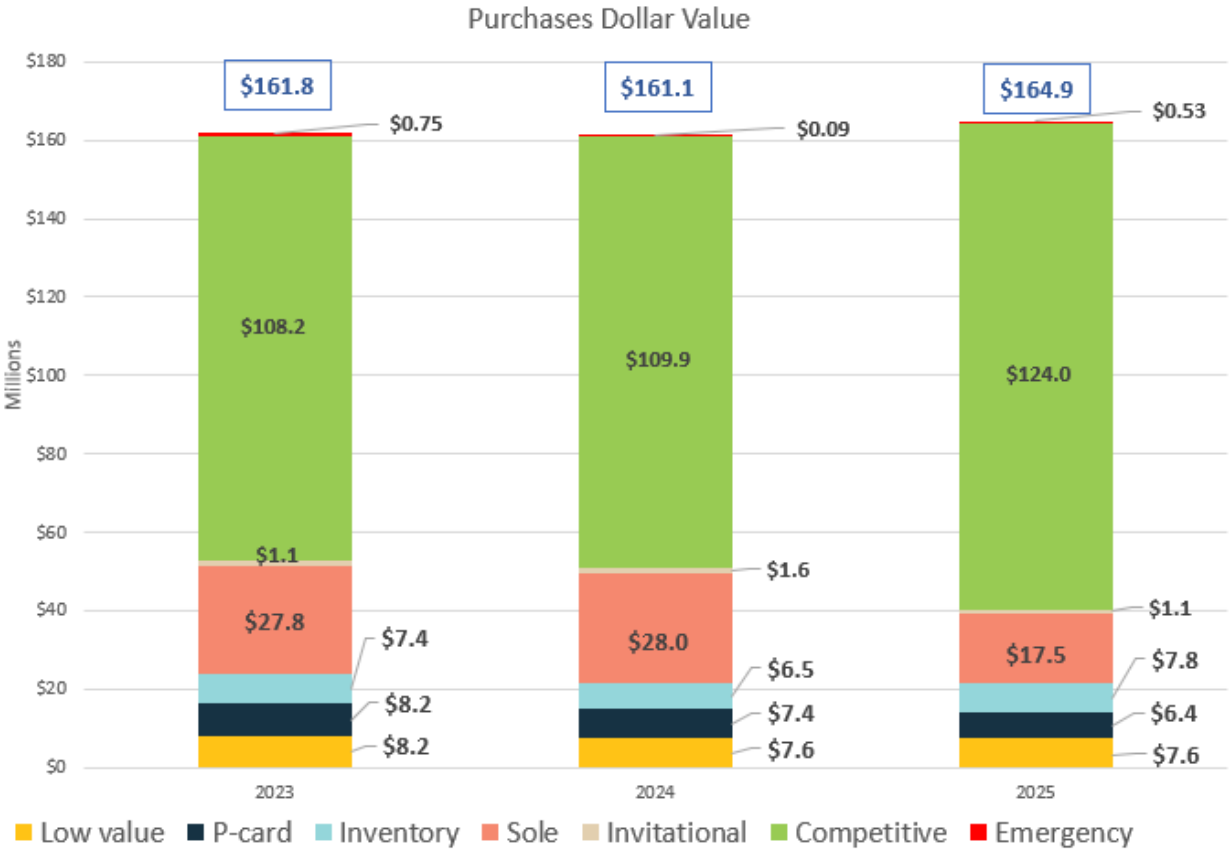
Open Competitions

	2023	2024	2025
Contract awarded:	156	112	123
Contracts value*:	\$73.4M	\$60.7M	\$49.9M
• Regional:	\$49.6M	\$32.9M	\$28.3M
• Provincial:	\$19.4M	\$7.9M	\$13.1M
• Other:	\$4.4M	\$19.9M	\$8.5M

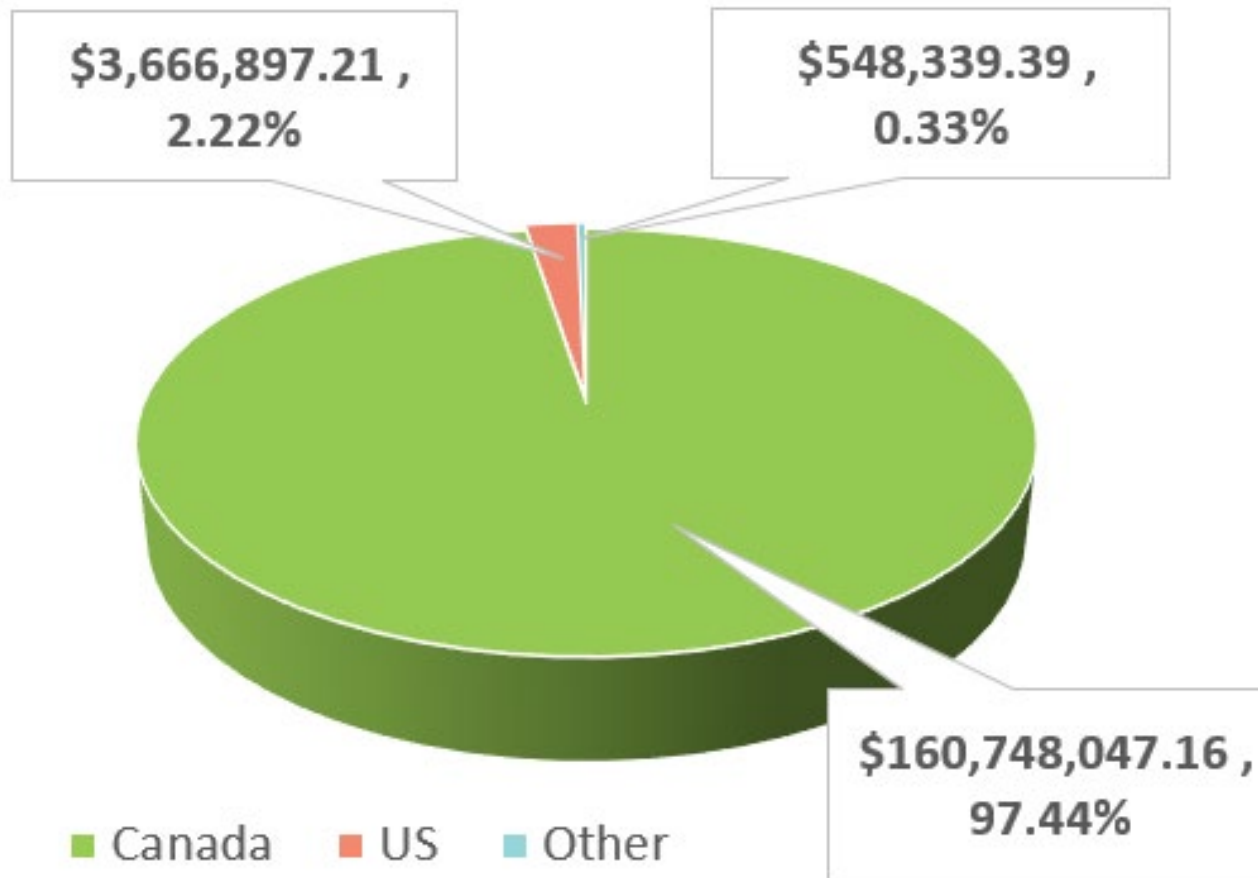
*Note: For multi-year contracts, only the value of the initial term is considered in this summary.



Procurement



Procurement - Spend in 2025

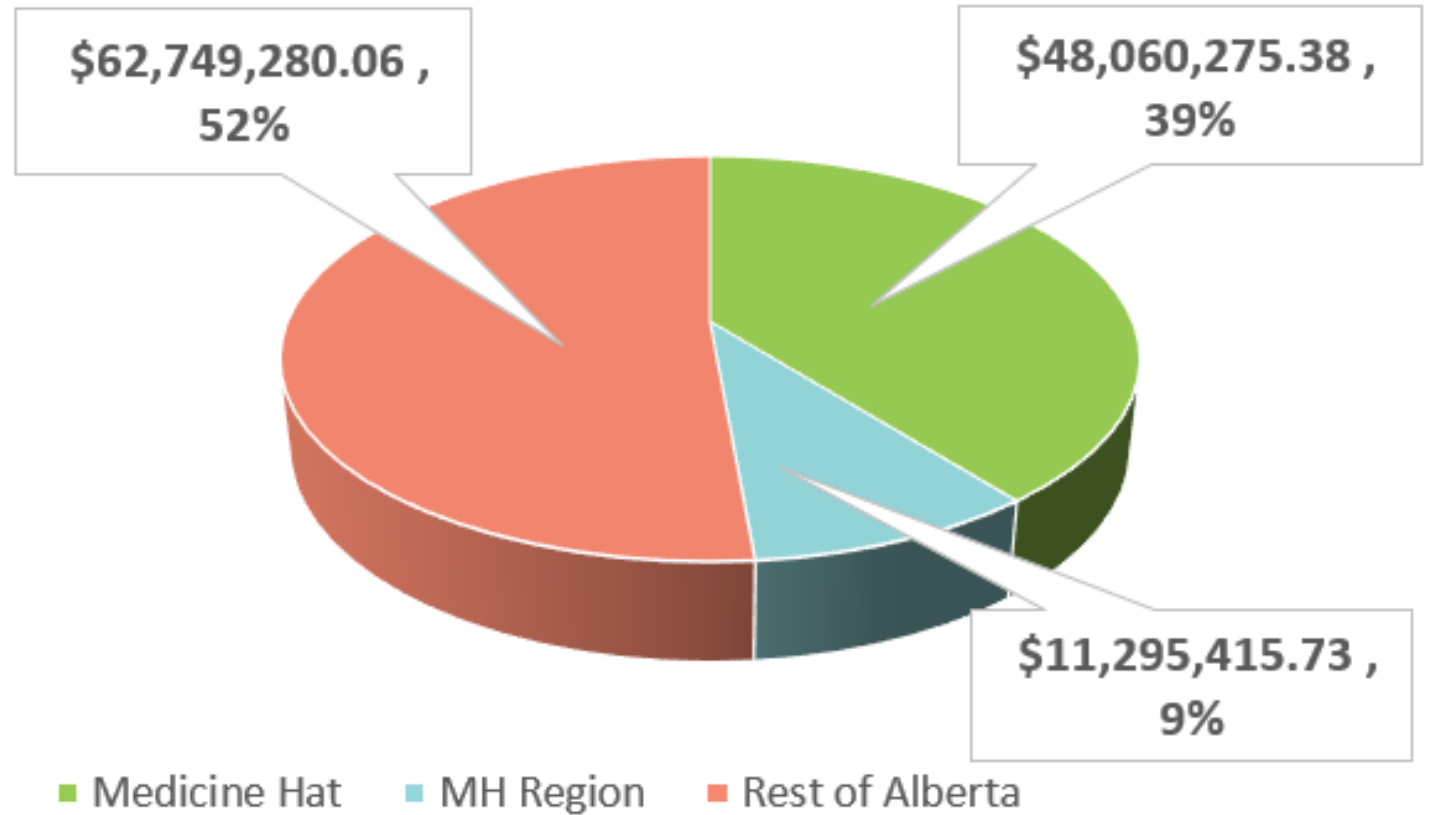


- Total purchases: \$164,963,283.76
- ~ **97.44%** of the City's spend stayed **within Canada**.
- The City's spend with **US Suppliers** was ~ **2.22%**.
- The remaining ~ 0.33% was split between 9 other countries.

Purchase within Alberta in 2024

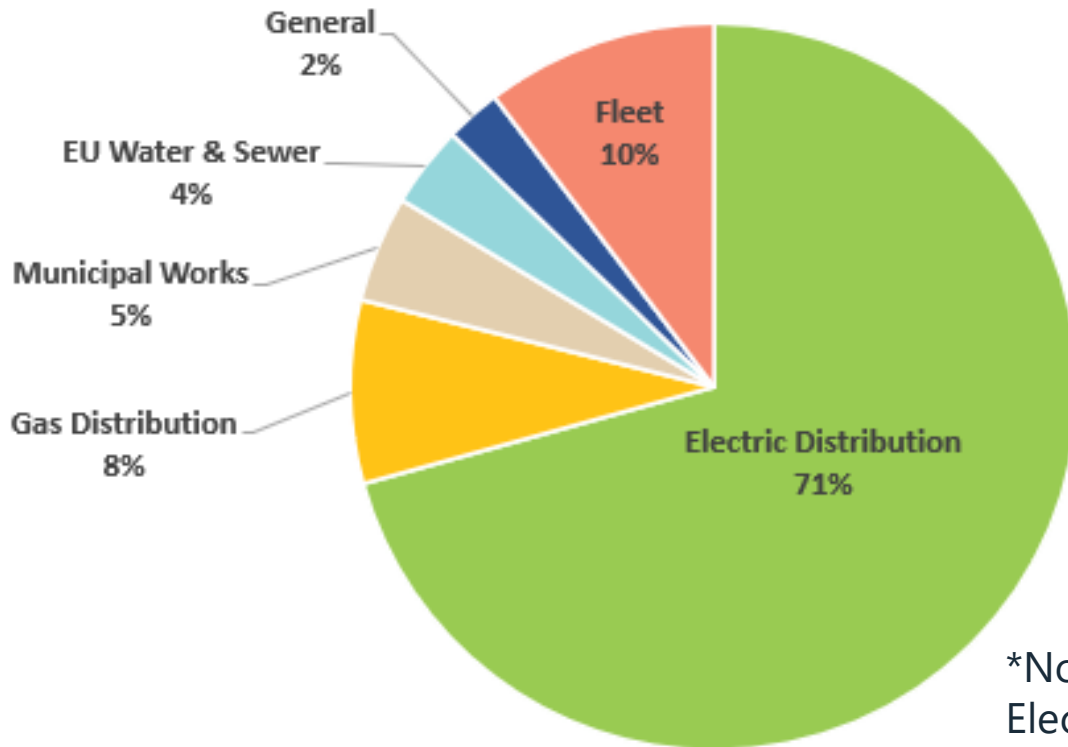
- ~ 76% (approx. \$122M) of the City's purchases stayed in AB.
- ~ 39% of the money spent in AB stayed within Medicine Hat city limits.
- ~ 48% of the money spent in AB (approx. \$59.35M) stayed within Medicine Hat and area*.

*Note: Medicine Hat Region: Dunmore, Redcliff, Desert Blume and Cypress County.



Inventory/Stores

Total value of inventory as of December 31, 2025: \$8.9M*



Number of different Products stored:

- Central Stores: 2,341
- Fleet Stores: 2,742

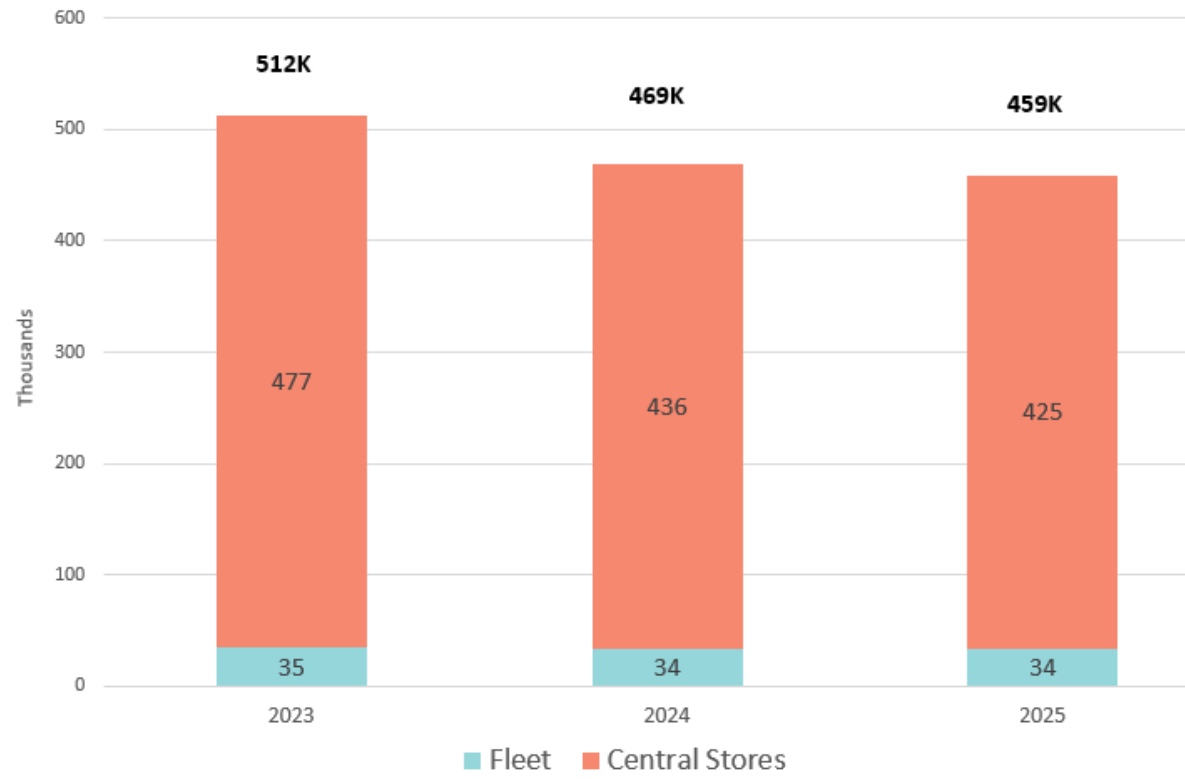
Freight and deliveries:

- Incoming shipments received: over 10,000
- Stores utilization increased by 30% (Internal orders went from 444 to 574 in two years)

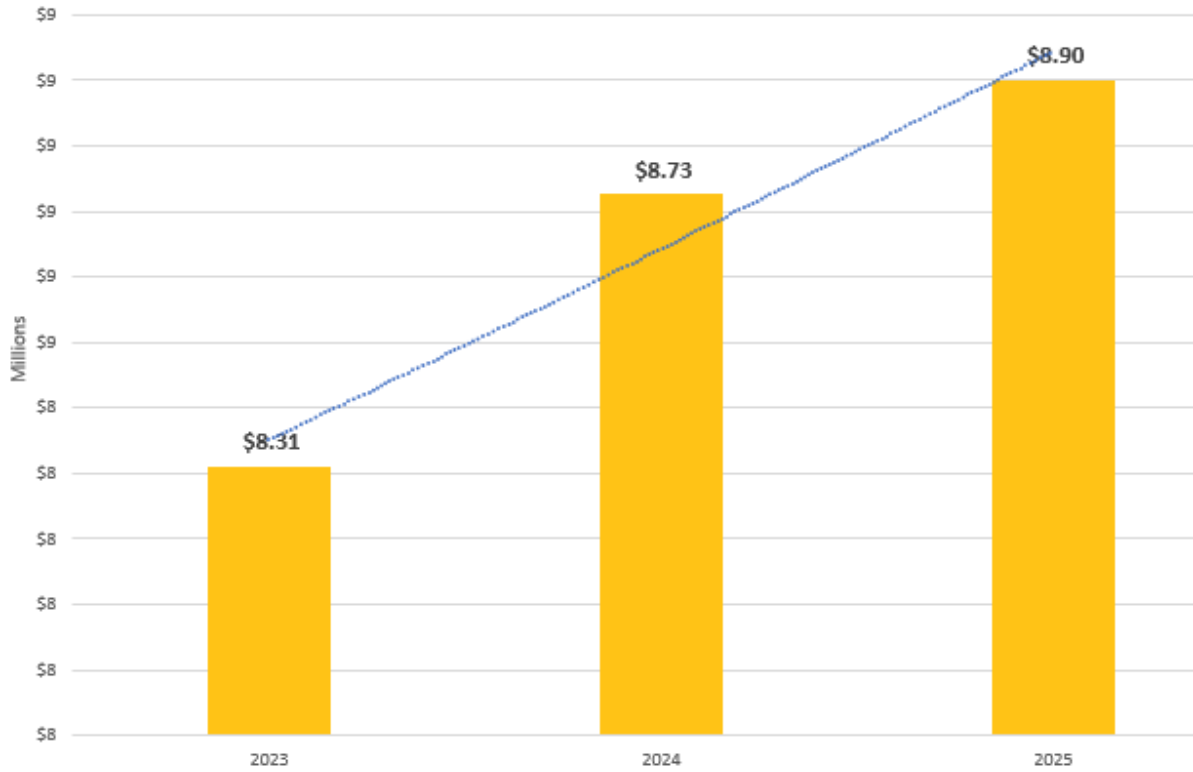
*Note: The summary only includes inventory that is managed by Supply Chain. Electric Generation holds about \$11.4M of inventory at their warehouse.

Inventory/Stores

Inventory levels by stock



Inventory levels by value



Accounts Payable

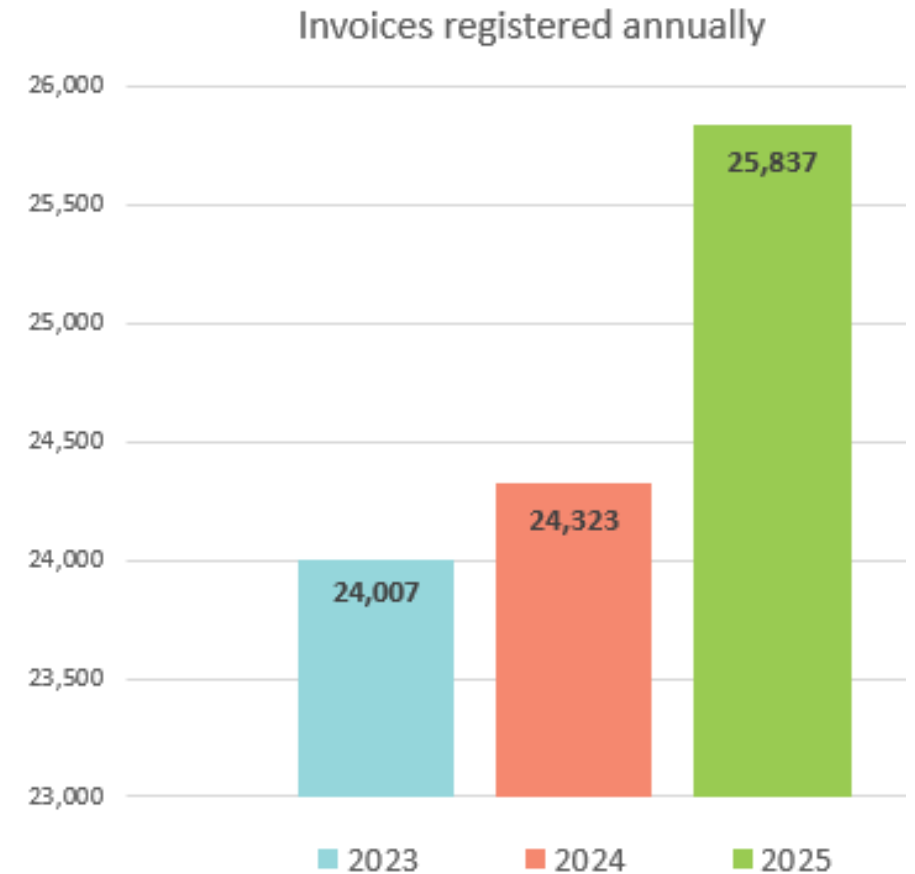
Invoice registrations 2025

25,837 total invoices registered

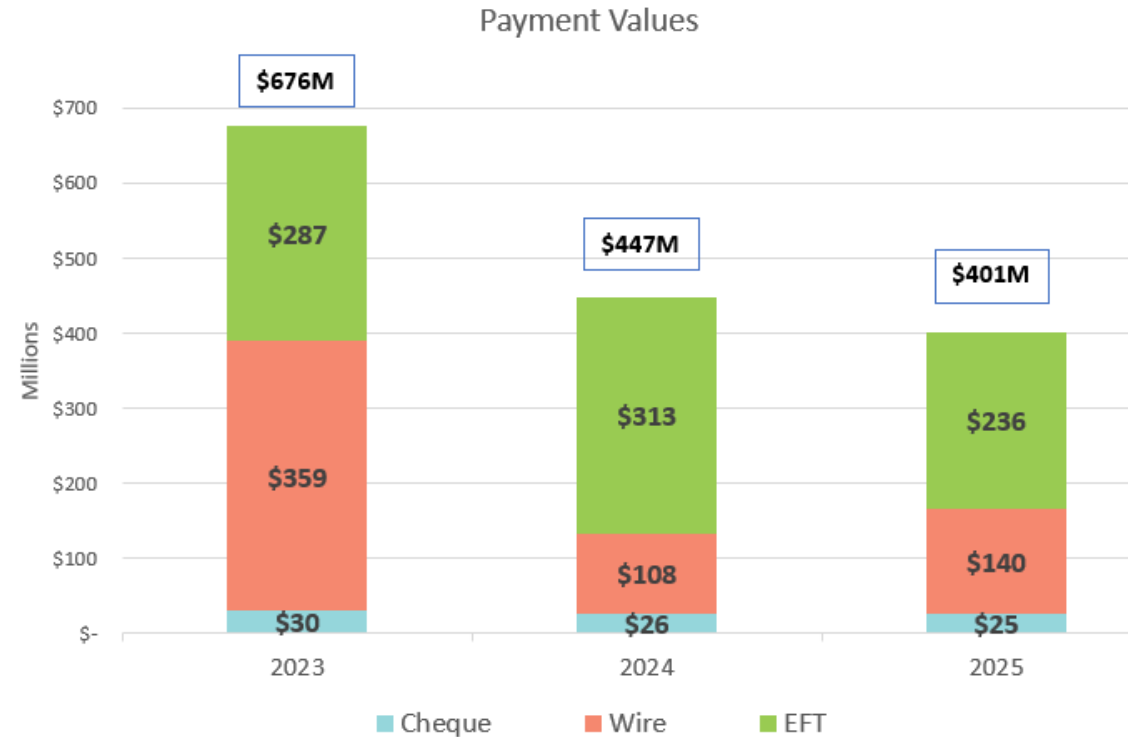
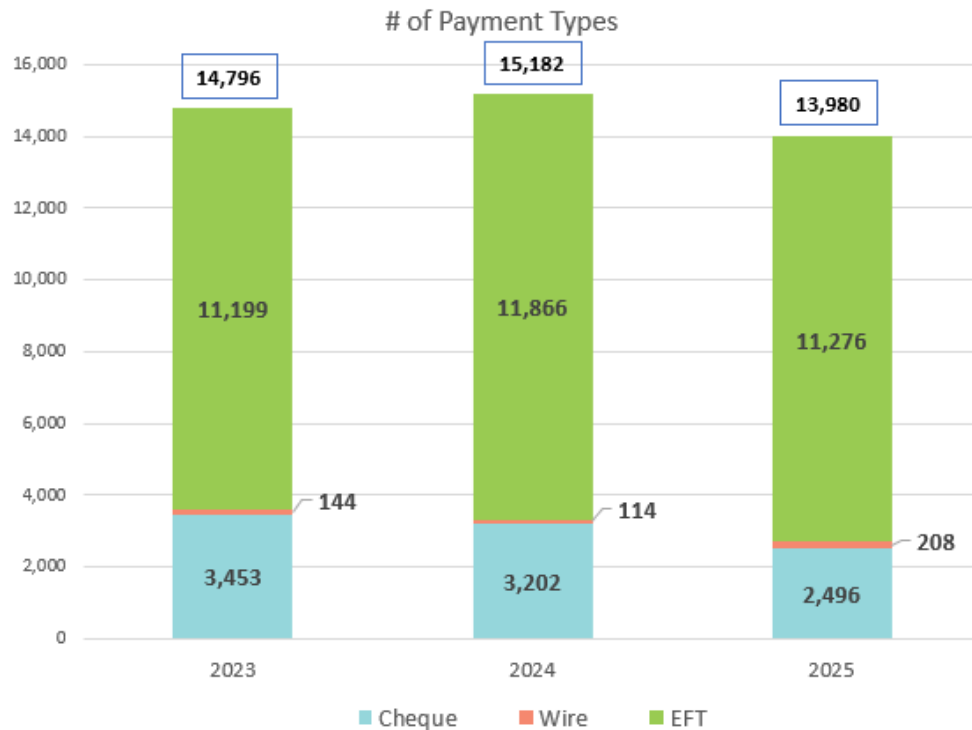
- This translates to about 497 weekly / 99 daily
- 82% of invoices (21,087) were processed through AI

AI processing tool (Kanbina AI)

- The accuracy of the system is almost 90% (up from 81%)
- Reduces manual data entry and human error
- Clerks are still checking data that is inputted to ERP
- Reduced payment processing time with 2 days



Accounts Payable



- Average payment time from receiving an invoice to payment: 21.9 days (2 days better than 2023)

Note: wire transfers were higher in 2023 due to funding the growth plus asset mix investment portfolio.

2025 Accomplishment Highlights

- Continued efforts to maintain and establish Citywide contracts. Currently there are 32 different category of contracts available with 63 different suppliers.
- The 2024 Procurement bylaw changes to delegate contract signatures to Administration was showing further improvement in 2025. Went from average 15 days turnover to 2.7 days.
- Inventory Management and Stores Services Level Agreement document was developed.
- Reviewed and updated the Procurement Protocol to incorporate the Auditor's recommendations from Special Area of Focus findings.
- Collaboration with SE AB Chamber of Commerce and MH Construction Association:
 - Re-designed procurement content on City website (QR codes)
 - Spring Round Table Event
 - Discussion on ATIA and POPA
 - Citywide contracts and bylaw changes

What is coming this year?

- Continue Inventory Management optimization efforts
 - Continue to explore and identify new opportunities to support Departments to reduce overall workload and enhance efficiency.
- Procurement soliciting feedback from Departments about:
 - User experience with Unit4.
 - Procurement training and manuals that are currently available.
 - Procurement procedures and experience in general.
- Review of current tendering practices for Citywide contracts.
- Support the City's efforts with the Unit4 ERP cloud migration.

Thank You!

Questions?