



certain departments for specific types of procurements. In addition, some housekeeping amendments are proposed that are intended to provide greater clarity.

It is proposed that limits that are currently lower than those set out in trade agreements could be increased to align with those thresholds; specifically, increasing the limit for requiring formal competitions to below \$75,000 from the current \$50,000. This amendment is intended to simplify and streamline the process for these below-threshold purchases while retaining the requirement for appropriate documentation to minimize legal risk to the City.

In addition, the City has several centralized functions that provide organization-wide support, including for procurement activities. This is operationalized in practice, but the current Policy is silent. As such, it is proposed that the Policy explicitly list the requirement for the involvement of:

- Information Technology Department when a procurement includes an IT component;
- Legislative Services when a procurement includes a privacy component;
- Communications and Engagement Department when a procurement includes a public communication (graphics, video, photography, writing, marketing etc.) or community engagement (surveys, open houses etc.) component;
- Engineering and Public Works Department when a procurement involves vehicles and power equipment;
- Parks, Recreation and Facilities Department when a procurement involves a building or facility services

Finally, it is recommended that City bylaws be amended to reflect the updated Purchasing Policy.

## **PURPOSE**

The purpose of this report is to seek Council's approval of amendments to the City's Purchasing Policy and associated delegated authorities.

## **BACKGROUND**

The goal of public procurement processes is to obtain the goods and services needed to achieve the City's objectives while providing the best value for taxpayers through open, fair and transparent access to City business.

Council sets the policy direction that guides procurement through the City's Purchasing Policy which outlines processes and authorization limits. The evaluation criteria used by staff to evaluate bids reflect the policy direction.

In addition to the Purchasing Policy, the City must also adhere to relevant legislation and trade agreements. The New West Partnership Trade Agreement (NWPTA) is one of the trade agreements that the City must follow. This agreement between BC, Alberta, Saskatchewan, and Manitoba requires open and non-discriminatory access to procurement for goods and services at or above \$75,000 and for construction at or above \$200,000. Other agreements, such as the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union, and the Canadian Free Trade Agreement (CFTA) between Canadian provinces and territories, set higher thresholds at which an open, competitive procurement process is required.

Trade treaty compliance is not the only legal duty that must be met in City purchasing decisions. The City also has a duty to act in a procedurally fair manner, and a duty of care to provide accurate and complete information. The City's established procurement processes aim to minimize these legal risks.

The City participates in the Metro Vancouver Municipal Purchasing Group (MVMPG) and a best practice review of public procurement approaches, and the spending authority limits of the participating municipalities (Appendix B) suggest that some of the City's limits could be increased.

## **ISSUES & ANALYSIS**

The Purchasing Policy was last amended in 2020 and procurement practices have continued to evolve since that time. While the majority of policy components remain relevant, there is an opportunity to increase some expenditure limits in alignment with best practice and trade agreements; to add a requirement to involve certain departments for specific purchases; and to clarify and expand procedural aspects.

### Policy Approval Limits

The current policy allows for less formal processes for purchases below \$50,000.

Most MVMPG municipalities have set this limit at below \$75,000, which is in alignment with thresholds established in trade agreements. Therefore, it is recommended that the limit for these less formal processes be increased to below \$75,000. This would grant greater flexibility for Department Directors and Project Managers in the choice of solicitation options while still requiring documentation for audit purposes and legal requirements.

This proposed amendment would allow Department Directors to solicit, run competitions and authorize agreements to purchase goods and services outside the centralized Supply Management Division function. Departments will have the choice to continue using the trained staff in Supply Management and will be provided with training, legal review and standardized solicitation documents and agreements to support procedurally fair competitions based on accurate and complete information, which is intended to minimize legal risk.

### Policy Requirement for Departmental Involvement

The City has several centralized functions and while current practice is to involve these departments in all procurement activities related to such purchases, the Policy could be strengthened by explicitly including that requirement.

Specifically, before a purchase is committed to, if the requested procurement includes:

1. An IT component, it must be approved by the Information Technology Department
2. A privacy component, it must be approved by the Information Access and Privacy Analyst in the Legislative Services Department
3. A public communication (graphics, video, photography, writing, marketing etc.) or community engagement (surveys, open houses etc.) component, it must be approved by the Communications and Engagement Department
4. Vehicles and power equipment, it must be approved by the Fleet Section of the Engineering and Public Works Department
5. A building or facility services component, it must be approved by the Facilities Division of the Parks, Recreation and Facilities Department

### Policy Housekeeping Items

Some language has been updated in the Policy to reflect current terminology and to provide greater procedural clarity including:

1. Updating definitions for positions and departments
2. Using general terms such as "bids" or "proposals" in connection with responses to tenders and RFPs

3. Listing examples of standard written agreements; these standard agreements are intended to protect the City if something goes wrong in connection with a procurement contract
4. Clarifying that agreements are required to be in a form approved by the City Solicitor but with content approved by Project Managers

None of these housekeeping changes are substantive to the policy application and current practice.

### Delegation Bylaws

The Delegation of Signing Authority Bylaw delegates the authority to execute procurement contracts approved by Council to the City Manager and the Chief Financial Officer. However, it is silent on the ability to solicit, negotiate, authorize and administer such contracts and the procedural steps of the procurement process are only contained in the Purchasing Policy.

Therefore, to better align with the proposed amended Policy, it is recommended that City bylaws be amended. Having detailed and explicit delegations would support greater clarity for awarding and administration of procurement contracts. The proposed additions are as follows:

- a. Delegate the authority to negotiate, enter into, execute and administer Purchase Agreements to the following positions:
  - i. Purchase Agreements over \$500,000 – City Manager
  - ii. Purchase Agreements up to and including \$500,000 – Chief Financial Officer
  - iii. Purchase Agreements up to and including \$74,999.99 – Manager or Department Director
  - iv. Purchase Agreements for goods up to and including \$10,000 – Project Manager
- b. Delegate the authority to administer, amend and renew Purchase Agreements of any value – Project Manager

With all delegations subject to the following conditions:

- c. Purchase Agreement must be in writing and in a form satisfactory to the City Solicitor;
- d. Any amendments that add to the work, service, or goods must be integrally related to and necessary to fulfill the objectives of the subject contract as described in the underlying solicitation; and
- e. Any renewal term not to exceed that set out in the underlying solicitation.

## **OPTIONS & IMPACTS**

### **Option 1: Approve changes to the Purchasing Policy as outlined in this report and amend the related bylaws (recommended)**

These updates would align the Policy with current best practice as well as clarify and strengthen existing processes. It is also expected that increasing the spending authority limits would result in efficiencies due to less formal procurement processes below the thresholds, in alignment with trade agreements and policies of many other local governments in BC. Retaining the requirement for appropriate documentation and procedures is intended to minimize legal risk related to procurement activities.

### **Option 2: Do not amend the Purchasing Policy at this time.**

Without amendments, the current processes and spending authority limits would remain and expected efficiencies would not be achieved.

*Accessibility Impact Statement*

The City strives to provide access to the City's business through open, fair and transparent procurement processes.

*2023 – 2026 Strategic Plan*

The City's procurement activities support initiatives across the organization and therefore all the priorities in the Strategic Plan.

*Impacts to Financial Plan*

The Purchasing Policy guides procurement practices and decisions for expenditures that are authorized through the Financial Plan.

*Official Community Plan Consistency Statement*

Not applicable.

**CONCLUSIONS**

The City's Purchasing Policy aims to balance efficiency of procurement processes to achieve the organization's objectives and obtaining value for taxpayer dollars. With the above recommended changes, the updated policy would align with best practices. Staff will continue to monitor other municipalities to learn from their policy choices.

Respectfully submitted,

Valeria Kandiral  
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Deputy City Manager and Chief Financial Officer

**Report accepted and recommended by the City Manager**

**List of Attachments**

Appendix A – Amended Purchasing Policy

Appendix B – Metro Vancouver Municipal Purchasing Group (MVMPG) Spending Authority Limits