

Date: April 1, 2010



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Changes to Authority to Contract (“Standing Authorities”) and updated Procurement Policy

RECOMMENDATION

THAT the Board approve the Procurement Policy attached in Appendix I (including changes to the Standing Authorities) and that those changes take effect beginning April 20, 2010.

POLICY

The Board has a number of policies related to the procurement of goods and services and established standing authority levels for staff and the Board.

BACKGROUND

The most recent change to signing authorities was approved by the Board in May 2000. The most recent updates to procurement policies were approved by the Board in 2005 & 2006.

At the December 15, 2009 Council meeting, Council approved changes to the Council-Delegated Authority to Contract ("Standing Authorities") and a new procurement policy. ([Council Report](#)). It also requested that the City’s Director of Finance take the Procurement Policy to the Park Board, Police Board and Library Board for endorsement and adoption as the procurement policy of each of these Boards.

DISCUSSION

The above noted Council Report outlines new limits on Council-delegated authority (commonly referred to as Standing Authorities) and a new Procurement Policy. Some of the changes such as advertising limits and the monetary limit for formal tender or Request for Proposal (RFP) are being made to comply with provisions in the Trade, Imports, Labour Mobility Act (TILMA). Other changes being made update the policy to reflect current best practices, support the implementation of shared services in procurement at the City of Vancouver and increase authority limits to reflect price changes since the limits were last adjusted almost 10 years ago.

The City's new Procurement Policy came into effect March 1, 2010. The changes in the City's Procurement Policy have been reviewed and parallel changes incorporated into the modified Park Board Procurement Policy document attached in Appendix I. This report summarizes the main changes affecting the Park Board and does not attempt to detail all the changes.

There are four main changes to the Standing Authorities and procurement processes that impact Board operations:

- New public tender limits;
- Replacement of the Board's current Disposal of Surplus Assets Policy & Procedures via the inclusion of a new Surplus Asset Disposal section in the proposed Procurement Policy;
- New limits and authorities for the award of contracts; and
- New limits and authorities for the delegated authorities for signing of contracts.

Details of each change are listed below.

Changes to Public Tender limits and requirements

The proposed limits for Public Tender's are as follows and are detailed in section 4 of the proposed policy:

- a) No Public Tender on Purchases \$75,000 (\$200,000 for Construction) or less
- b) Public Tenders Required for Purchases over \$75,000 (and for Construction over \$200,000)

The advertising requirements for tenders are to be revised to posting the tender particulars on the BC Bid website with links to the City's and Board's websites as applicable. Local advertising will be done at the discretion of the Chief Purchasing Official (CPO) where it is deemed appropriate.

These policy changes are being made to comply with provisions in the Trade, Imports, Labour Mobility Act (TILMA) and to update the advertising requirements to reflect best practices now in place.

Replacement of the Board's Disposal of Surplus Assets Policy & Procedures

The Board's current Disposal of Surplus Assets Policy and Procedures is included in Appendix II. The proposed policy detailed in Appendix I incorporates (in section 13) a city-wide process in place of the current Park Board-specific one.

In the proposed policy the General Manager would need to declare the material or equipment to be surplus to present and future Board requirements, after which the City's CPO would undertake the disposal of the asset, ensuring reuse or recycling if appropriate. Funds receive for the disposal would be credited back to the Vancouver Park Board account where the asset originated from before being declared surplus.

The inclusion of the new section in the proposed procurement policy simplifies the current policy and ensures the assets are considered for reuse throughout the entire City's operations.

New Limits and Authorities for the Award of Contracts

The proposed new Procurement Policy parallels the new policy at the City and applies only to those contracts under the Vancouver Park Board's control. The Board continues to have control over the allocation of its budget, but under the proposed procurement policy decision-making on some procurement issues will be subject to city-wide review and controls as outlined in the proposed policy.

The proposed policy introduces 3 new authorities (Category Manager, Chief Purchasing Official (CPO), and Bid Committee), and outlines their roles and responsibilities. The Category Manager and CPO are new positions created for the move toward shared services in the management of the City's and Board's supply chain process. For contracts under the Board's control, the Bid Committee would be composed of the City Manager, the City's Director of Finance and the Park Board General Manager. For joint contracts with other department, the Bid Committee would be composed of the City Manager, the City's Director of Finance, the Park Board General Manager and the heads of any other City departments or Boards who are impacted by the contract.

Incorporated into the proposed policy (in section 5) are changes to limits and authorities for award of contract. The authority delegation proposed in the policy is as follows:

- a) Category Manager position for contracts less than \$75,000
- b) Chief Purchasing Official (CPO) for contracts from \$75,000 but less than \$250,000
- c) Park Board General Manager for contracts from \$250,000 but less than \$500,000 (with CPO concurrence)
- d) Vancouver Park Board for contracts from \$500,000 but less than \$2,000,000 (with Bid Committee and CPO concurrence)
- e) Council for contracts \$2,000,000 and greater (with Vancouver Park Board, Park Board General Manager, City Manager and Director of Legal Services concurrence)

New limits and Authorities for the Delegated Authorities for Signing of Contracts

The remaining significant change proposed is to the delegated authority for signing a contract which has been awarded (see section 6 of the proposed policy). The proposed changes will provide greater financial, operational and administrative efficiencies to the procurement process while ensuring best value for the City of Vancouver.

The proposed policy is as follows:

- a) All contracts authorized by a Category Manager, the Park Board General Manager or the Bid Committee (or their designates) are to be signed by both that person

- and the CPO, and all contracts authorized by the CPO are to be signed by both the CPO and the applicable Category Manager.
- b) All contracts awarded by the Park Board General Manager will be signed by the CPO.
 - c) All contracts awarded by the Vancouver Park Board will be signed by the Bid Committee and the CPO.
 - d) All contracts awarded by Council will be signed by the Park Board General Manager, the City Manager and the Director of Legal services.
 - e) All contracts that have any modification to the standard format for special circumstances will be signed by the Director of Legal Services in addition to the authorized signatory referred to above.

The above changes are also integrated into the proposed Park Board Procurement Policy and should streamline the execution process for awarded contracts. Staff will be empowered to conduct the routine business of the Board within the constraints of the budget and the tendering policy.

In addition to the above noted changes to the current process, the proposed policy also provides controls and guidelines for some processes that were not specifically addressed in the current policy. The proposed policy contains:

- Specific limits and processes related to change orders (section 7)
- Specific limits and processes related to sole-source contracting (section 9), although the Board's current Purchasing Cards Policy is still incorporated as part of the proposed policy
- Information related to Sustainable and Ethical Procurement (section 11), although the Board's current Ethical Purchasing Policy is still incorporated as part of the proposed policy

Transition Issues

To fully realize the benefits envisioned in the City's shared services review and implement the new procurement policy may require the re-organization of City and Park Board staff involved in the procurement process. During the transition to shared procurement services it is important to ensure continuity in the purchasing processes that support to the Board's activities. It has been agreed by Park Board and City staff, that the Park Board Purchasing Manager be made a designate of the CPO's office in order to coordinate Park Board specific activity.

SUMMARY

It has been a long term practice of the Board to adopt the operating policies approved by City Council, with appropriate modifications for Board practices and services. Comparable Park Board policies have been prepared and are attached in Appendix I for the Board's approval.

The changes to the Standing Authorities outlined in the report and the Procurement Policy detailed in Appendix I take into account the inflationary increases in prices and the cost of doing business which have occurred since the last revisions to these Authorities, reflect the best practices in procurement processes and support the move to City Shared services in the procurement function. The designation of the Park Board Purchasing Manger as a designate of the CPO's office ensures continuity in the purchasing processes that support the Board's activities.

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