



# STAFF REPORT TO COMMITTEE

**DATE OF REPORT** March 14, 2022  
**MEETING TYPE & DATE** Committee of the Whole of March 23, 2022  
**FROM:** Finance Division  
Corporate Services Department  
**SUBJECT:** Procurement Policy Updates  
**FILE:**

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## **PURPOSE/INTRODUCTION**

The purpose of this report is to inform the Committee of changes to the Cowichan Valley Regional District (CVRD) Procurement Policy for review and approval.

## **RECOMMENDED RESOLUTION**

That it be recommended to the Board that the revised Procurement Policy attached to the March 23, 2022, Committee of the Whole Staff Report be approved.

## **BACKGROUND**

The CVRDs current Procurement Policy was first adopted in 2017. The existing policy requires all goods, services, and construction over \$50,000 to be publicly advertised on BC Bid with an open competition process. The CVRD is legally bound by a number of trade agreements including the Canada-United States-Mexico Agreement (CUSMA) introduced in July 2020, and the New West Partnership Trade Agreements (NWPTA). The NWPTA is the most stringent agreement and stipulates that goods and services over \$75,000, and construction services over \$200,000, must be publicly advertised on BC Bid for open competition.

Following five years of implementation, and consideration of other local government procurement policies, the existing procurement policy has been reviewed. Updates to the policy are recommended now to:

- Bring the policy and associated thresholds in line with trade treaties which differentiate purchasing requirements for goods and services from construction;
- Address the 2020-2022 Corporate Strategic Plan objective “To increase the levels of economic resiliency, security and prosperity for residents of the Cowichan Region” by specifically “Developing procurement policies to promote social equity”;
- Update approval thresholds in the policy to mirror the Delegation Bylaw, No. 4361, adopted in 2021; and
- Continue to address operational purchasing requirements across the CVRD with transparency and efficiency.

Since 2018, the CVRD has participated as a member of the Coastal Community Social Procurement Initiative (CCSPI), now called the BC Social Procurement Initiative (BCSPI). The BCSPI is working to help local governments derive achievable and measurable social value and community benefits from their procurement dollars.

The CVRD has piloted different approaches to incorporating social value into purchasing practices over the last few years for the purposes of informing recommended policy changes. This has included releasing a Request for Information in 2021 to identify suppliers offering social value for

smaller routine purchasing needs (i.e. up to \$5,000), as well as introducing social value criteria and questionnaires into larger competitive purchasing documents for review and evaluation.

Through this process, the CVRD has been able to identify social value principles that are reflected in the updated Procurement Policy as a means to broaden the definition and consideration of best value in purchasing practices and to realize objectives identified in the Corporate Strategic Plan.

#### ANALYSIS

This review has culminated in the following recommended changes to the Procurement Policy for adoption in 2022:

- Increase the discretionary purchasing limit from \$5,000 to \$10,000. This change enables the organization to buy goods and services up to \$10,000 based on best value and is consistent with purchasing policies that are already in place at several other local governments (e.g. the Regional District of Nanaimo, Comox Valley Regional District, Municipality of North Cowichan, and District of Squamish to name a few).
- Update the open competition threshold for goods and services from \$50,000 to \$70,000. This is still below the \$75,000 NWTPA limit. Purchasers are still required to get at least two (2) quotes to demonstrate value for money and provide for competition.
- Update the open competition threshold for construction services from \$50,000 to \$190,000. This is below the \$200,000 NWPTA limit. Purchasers are still required to get at least three (3) quotes to demonstrate value for money and provide for competition.
- Expand the definition of best value to include social value principles as outlined on page 3 of the updated Procurement Policy in Attachment A.

#### FINANCIAL CONSIDERATIONS

The policy will continue to ensure that the Regional District obtains best value in its expenditures.

#### COMMUNICATION CONSIDERATIONS

Once adopted the updated Procurement Policy will be posted on the CVRD website.

#### STRATEGIC/BUSINESS PLAN CONSIDERATIONS

The recommended changes address the Corporate Strategic Plan objective #1, To increase the levels of economic resiliency, security and prosperity for residents of the Cowichan Region and specifically action item 1.3 Develop procurement policies to promote social equity.

#### GENERAL MANAGER COMMENTS

☐ Not Applicable

Referred to (upon completion):

- ☐ Communications & Engagement
- ☐ Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Emergency Management, Facilities & Transit*)
- ☒ Corporate Services (*Finance, Human Resources, Legislative Services, Information Technology, Procurement*)
- ☐ Engineering Services (*Environmental Services, Recycling & Waste Management, Water Management*)
- ☐ Land Use Services (*Community Planning, Planning – Strategic Initiatives, Development Services, Inspection & Enforcement, Economic Development, Parks & Trails*)

Prepared by:

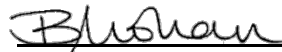


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Reviewed by:



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Reviewed for form and content and approved for submission to the Committee:

Resolution:

☒ Corporate Officer

Financial Considerations:

☒ Chief Financial Officer

**ATTACHMENTS:**

Attachment A – Procurement Policy 2022