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TO: Chair and Directors
Committee of the Whole

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: 2019 Contract Award Report

Purpose

1. To provide a report on contract awards and procurement metrics to the Comox Valley Regional District (CVRD) board.
2. To provide an update on social procurement.

Recommendation from the Chief Administrative Officer:

This report is provided for information only.

Executive Summary

- CVRD procurement policy framework requires that all contract awards must first be budgeted for and approved by the CVRD board during the financial planning process with exceptions provided only for emergency purposes.
- Through the financial planning process the CVRD board has an opportunity to identify projects or procurements of significant value or community interest that require additional board approval.
- A list of contracts awarded over the past year in excess of \$250,000 is included as Appendix A with procurement metrics identified in Table 1.
- Subsequent to board direction, the CVRD has been registered with Coastal Community Social Procurement Initiative (CCSPI) funded by the electoral area administration.
- Since registering, staff have completed five pilot procurements incorporating social procurement concepts and have been taking advantage of training opportunities offered by the CCSPI.

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Background/Current Situation

Bylaw No. 510 being “Comox Valley Regional District Delegation of Purchasing Authority” and the related procurement policy delegates authority to designated CVRD staff to award contracts for operating and capital contracts which have been approved in the adopted financial plan. During the financial planning process, the board can flag contracts that are of particular interest to the board or are of specific interest in the community that they wish to approve for award.

1. Contract Awards and Procurement Metrics

At the time the procurement policy was adopted, staff committed to reporting back to the board regularly to review contract awards ensuring the board remains informed on procurement activities. Appendix A includes a list of all contracts in excess of \$250,000 that have been awarded subsequent to the previous report received by the board in October 2018. Many other operating and capital contracts of lesser value have been awarded during this time period and are not included in this report.

The Auditor General for Local Government recommends that staff report back to the board regularly with procurement metrics. In consideration of this recommendation, staff have prepared metrics in Table 1. While these numbers can be reliant on factors outside procurement control (i.e. capital projects underway), they are illustrative of the type of activities being carried out by procurement staff. Staff can influence the level of public vs. invitational procurements issued as well as the number of bids being received through how the procurement is structured and released to the marketplace. Efforts are focused on balancing the requirements of the project with risk while ensuring an attractive opportunity for the marketplace ensuring a best value outcome for the CVRD.

Table 1 shows the overall value of procurement spend managed through the financial services department, the breakdown of operating versus capital contracts awarded and finally how many procurements were publically issued versus issued by invitation. It is important to note that this table does not include all the procurement activities of the CVRD. In the interest of operational efficiency, the CVRD decentralizes low value procurements to each branch. The updated policy mandates that all medium to high value procurements are centrally managed through procurement staff in the financial services department. This ensures procurement staff are focused on procurements that are strategically relevant and contain increased risk. Despite this, financial services is available to advise and assist on all low value procurement as well.

Table 1: Procurement Metrics (September 1, 2018 – September 30, 2019)

Value of contracts awarded through Financial Services	\$130,311,628
Number of operational contracts awarded	23
Number of capital contracts awarded	33
Number of public procurements issued	32
Number of invitational procurements issued	24
Average number of responses received per publically posted procurement	4.6

Comments on the Table 1:

- The \$130,311,628 million dollar in contract awards is exceptionally high and largely driven by award of the water treatment project procurement which was awarded with a contract value of \$111,672,358. Further detail regarding large contract awards are included in Appendix A.
- Operational contracts are those that are required for the day to day operation of the CVRD and are covered through the operating budgets included in the board approved financial plan. These could include contracts for: cellular phones, the facilitation of a CVRD service, shredding services, etc.
- Capital contracts result from expenditures that are included on the capital or project expense side of the board approved financial plan. These could include contracts for: construction, professional services, vehicles, trail improvements, equipment etc.
- All publically posted procurements are the responsibility of the financial services department. Procurement staff work closely with CVRD branches to design, develop and

finalize procurements from the time they are approved in the financial plan to drafting, negotiating and finalizing contracts with successful vendors.

- Invitational procurements are issued for medium to low value procurements as per CVRD policy. These typically include requesting at least three quotes from qualified firms, or direct awarding where an exemption exists and a competitive process is impractical. Many invitational procurements are delegated to branches and fall under \$250,000 and are therefore not included in this report.
- Typically a goal of any procurement process is to attract at least three responses for consideration. During this period the CVRD received an average of 4.6 responses per publically posted document. Higher value procurement opportunities were more likely to garner increased interest from the marketplace.

2. Social Procurement

The CCSPI engaged Scale Collaborative to provide the expertise and training to local governments for this initiative. Scale Collaborative is supported by the Vancouver Island Construction Association and Buy Social Canada in providing the services. Multiple training sessions have occurred and are planned across the island.

In April 2019, the CVRD board directed that the CVRD join the CCSPI for two years, funded by the electoral area administration service. Staff were also authorized to select and pilot social and sustainable procurement concepts in future procurements and report back to the board on the outcomes.

Following the CVRD's registration, the following activities have occurred:

- Procurement staff have attended “Social Procurement 101 – Introduction to Social Procurement” offered through CCSPI
- Procurement staff have registered to attend “Social Procurement 201”
- Project management staff at the CVRD received an introductory presentation to social procurement provided by CCSPI.
- Staff have executed social procurement concepts in five procurements to date and continue to look for competitions with appropriate risk profiles for piloting opportunities.
- The CVRD has expressed interest in hosting future CCSPI training opportunities in the new year once we've moved into the new administration offices on Harmston Avenue.
- Contracts continue to be awarded to local non-profits for various operating contracts at the CVRD.

The CVRD procurement policy includes a section with the heading of “Sustainable Procurement”. Included in this section is sub-section 7.3 with language on how the CVRD will consider social value (or social procurement concepts) in the execution of public procurements. An excerpt of the policy is attached to this report as Appendix B. The policy language was drafted to capture key social procurement concepts while leaving open the ability for the marketplace to innovate and develop approaches to how they can provide social value. This approach seeks to balance the goals of the CVRD for social procurement with offering flexibility and opportunity to the marketplace maximize social value outcomes. It is important that this policy language is reflective of the strategic priorities of the board.

Lessons learned and observations on social procurement concepts are included below. While it may be too early to draw any conclusions on the effectiveness of piloted opportunities, this information is provided for consideration:

- Large, sophisticated vendors are more likely to have resources allocated to address social procurement considerations.
- The contractor for the water treatment project has committed to providing 35,000 hours of labour to indigenous peoples, apprentices and under-represented populations.
- Staff have not received any concerns from bidders with how social procurement is being implemented in pilot procurements at the CVRD to date.
- Bidders have struggled to provide third party certifications, references and other tangible social value outcomes for professional services contracts.
- It will take time for the marketplace to adapt and develop capacity in their approach to social procurement.

Policy Analysis

The “Comox Valley Regional District Delegation of Purchasing Authority Bylaw No. 510, 2018” and the CVRD board approved procurement policy delegates authority for staff to award contracts provided the expenditure is approved in the board approved financial plan with very specific exceptions. The board maintains the ability to identify opportunities during the financial planning process that requires their approval prior to staff awarding a contract. The policy includes the following clause which was utilized to engage a civil construction contractor for the emergency water main leak repair under the Puntledge River:

In an unforeseen circumstance that requires immediate action, such that inaction would result in harm to a person or harm or damage to real or personal property of any type, the methods and procedures set out within this policy may be waived as approved expressly by the CAO or, in the event of a state of emergency, by the Emergency Operations Centre Director or designate; whether that be a designate from the CVRD or from a member municipality. A report summarizing the emergency procurement will be presented to the board following the emergency.

Updates are provided to the Comox Valley Water Committee and a report has been prepared by the engineering services branch to address the budget amendment required for this emergency repair.

Financial Factors

All contracts awarded during this period are included in the board approved financial plan with the exception of the emergency water main leak repair civil contract as noted above and in Appendix A.

Interdepartmental Involvement

The financial services department works closely with all branches of the CVRD when developing and executing procurements.

Citizen/Public Relations

To ensure transparency, procurement opportunities are publically posted to the CVRD website and the BC Bid website. BC Bid is the province of British Columbia’s central electronic tendering website and is the main hub of all public procurement in the province. The successful vendor and the contract award amount is also posted to both of these sites.

Attachments: Appendix A – “Contract Award Report”
Appendix B – “Sustainable Procurement” policy extract

Appendix A – Contract Award Report

The following contracts above \$250,000 were awarded between September 1, 2018 and September 30, 2019 and are within the approved financial plan with the exception of the emergency water main leak repair contract which is being considered by the Comox Valley Water Committee at a future meeting.

1.	Procurement:	Request for Proposals - Coastal Flood Mapping Project
	Successful Vendor:	Kerr Wood Leidal Associates Ltd.
	Award Value:	\$458,500
	Award Method:	Highest ranked bidder based on evaluation criteria
	Compliant Responses:	5
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	<ol style="list-style-type: none">1. Kerr Wood Leidal Associates Ltd.2. Northwest Hydraulic Consultants Ltd.3. Tetra Tech Canada Inc.4. DHI Water & Environment, Inc.5. WSP Canada Inc.
2.	Procurement:	Invitation to Tender - Comox Valley Water Pollution Control Centre – Primary Effluent Equalization System
	Successful Vendor:	Knappett Industries (2006) Ltd.
	Award Value:	\$1,878,062
	Award Method:	Lowest qualified bidder
	Compliant Responses:	2
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	<ol style="list-style-type: none">1. Knappett Industries (2006) Ltd.2. Wacor Holdings Ltd.

5.	Procurement:	Notice of Intent – Campbell River Waste Management Operator (CSWM)
	Successful Vendor:	Berry and Vale Contracting Ltd.
	Award Value:	\$8,391,475 (total over five year operating agreement)
	Award Method:	Absence of a successful challenge
	Compliant Responses:	0
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	1. N/A
6.	Procurement:	Request for Proposals - Annual Water Quality Monitoring & Reporting (CSWM)
	Successful Vendor:	GHD Limited
	Award Value:	\$726,385 (total over three years)
	Award Method:	Highest ranked proponent based on evaluation criteria
	Compliant Responses:	11
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	<ol style="list-style-type: none"> 1. GHD Ltd. 2. Tetra Tech Canada Inc. 3. SNC-Lavalin Inc. 4. Next Environmental Inc. 5. SLR Consulting Canada Ltd. 6. Gwaii Engineering Ltd. 7. Morrison Hershfield Ltd. 8. McElhanney Consulting Services Ltd. 9. WSP Canada Inc. 10. Terrawest Environmental Inc. 11. Keystone Environmental Ltd.

6.5 Transaction/Contract Splitting

CVRD staff shall not split transactions or procurements in an effort to fall below thresholds set out in sections 5.3 or 8.0.

7. SUSTAINABLE PROCUREMENT

In an effort to leverage procurement dollars to benefit the community and society; the CVRD may include the consideration of sustainability in Best Value Procurements.

Sustainability could include attention to environmental, ethical and corporate social responsibility as well as social value.

The CVRD is committed to sustainable procurement and will endeavor to design opportunities to minimize environmental and ethical impacts and maximize social value.

Sustainability considerations will be balanced against best value requirements for each individual procurement. The weighting toward sustainability in each procurement may be based on the marketplace, Scope of Work and/or level of risk inherent with the procurement.

When evaluating sustainability factors, CVRD staff shall look to third party verification and certifications when awarding points and may also look to utilize reference checks to verify claims made in response to a CVRD public solicitation.

7.1 Environmental Responsibility

When evaluating environmental responsibility in CVRD procurements, points may be awarded where proponents:

- Minimize environmental harm, including end of life impacts.
- Maximize resource efficiency (e.g. reduce energy and water consumption and minimize waste).
- Minimize carbon emissions.

7.2 Ethical Responsibility

When evaluating ethical responsibility, points may be awarded where proponents:

- Maximize fair trade opportunities.
- Ensure sound working conditions throughout the supply chain that meet or exceed provincial, national or international employment standards.

7.3 Social Value

When considering social value, points may be awarded where proponents:

- Maximize employment, training and apprenticeship opportunities among local, disadvantaged, equity-seeking or marginalized individuals and populations.
- Maximize the diversification of the supply chain by including non-profit organizations, social enterprises and small-medium enterprises.
- Contribute to the strengthening of the community by supporting the social goals and objectives of the CVRD.
- Include any corporate social responsibility initiatives undertaken by the organization that contribute to social wellbeing.