

DATE: September 7, 2018

FILE: 1610-01

TO: Chair and Directors
Committee of the Whole

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Contract Award Report

Purpose

To report back to the board regarding contract awards that have occurred subsequent to the new Procurement Policy adoption in January 2018.

Recommendation from the Chief Administrative Officer:

This report is presented for information only.

Executive Summary

- The Comox Valley Regional District's (CVRD) updated Procurement Policy framework was adopted in January 2018.
- The policy achieved compliance with updated trade treaties, incorporated recommendations from the Auditor General for Local Government (AGLG) and included best practices in public procurement.
- One fundamental change included increased delegation to staff for awarding contracts.
- In consideration of the updates to the policy, staff committed to reporting back to the board on procurement activities to ensure the board remains informed.
- This report includes a summary of contract awards in excess of \$250,000 (Appendix A) as well as a list of procurement metrics.

Prepared by:

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Concurrence:

B. Dunlop

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Corporate Financial Officer

Background/Current Situation

On January 23, 2018, the CVRD Board adopted bylaw 510 being "Comox Valley Regional District Delegation of Purchasing Authority". In parallel the CVRD board also approved the Procurement Policy. The updated bylaw and policy constituted a significant overhaul of the procurement policy framework for the CVRD. Of note, approval of contracts exceeding \$100,000 would be delegated to staff provided that they are within the board approved financial plan. Board approval for contracts would be reserved for procurements that are flagged for approval during the financial planning process or flagged by staff for an opportunity that may have been of particular interest to the board (i.e. CVRD regional office building project).

The updated procurement policy also includes:

- Compliance with updated trade treaties
- Recommendations from the AGLG
- Best procurement practices
- Emerging trends in procurement
- Enhanced transparency for procurement at a local government.
- Insulation of the board from lobbying and wrongful perception

Further, the policy has achieved its intended goal of improving efficiency in the procurement process, specifically during the time period between identifying a successful bidder and award of contract. Time pressures on the procurement process have further been mitigated allowing staff more flexibility in reacting to bidder requests for additional time responding to opportunities.

At the time the policy was adopted, staff committed to reporting back to the board regularly to review contract awards ensuring the board is informed on procurement activities. Appendix A includes a list of all contracts in excess of \$250,000 that have been awarded subsequent to policy and bylaw adoption and up to August 31, 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 AGLG recommends that staff report back to the board regularly with procurement metrics. In consideration of this recommendation, staff have prepared some base line 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 ensuring an attractive opportunity for the marketplace ensuring a best value outcome for the CVRD.

Table 1 shows the overall value of procurement managed through Financial Services, 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 with Financial Services. 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 (January 23, 2018 – August 31, 2018)

Value of contracts awarded through Financial Services	\$25,874,116
Number of operational contracts awarded	8
Number of capital contracts awarded	39
Number of public procurements issued	31
Number of invitational procurements issued	16
Average number of bids received per publically posted procurement	3.22

Comments on the above table:

- the \$25.8 million dollar in contract awards is exceptional and largely driven by four procurements including the CVRD regional office building project, the biosolids compost facility expansion, the Greenwood Trunk project, and the Phase 1 odour control project at the Comox Valley Water Pollution Control Centre. These four procurements represent

roughly 80 per cent of the value of the contracts awarded. 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 Financial Services. 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 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 bids for consideration. During this period the CVRD received an average of 3.22 bids per publically posted document. Larger procurement opportunities were more likely to garner increased interest from the marketplace.

Policy Analysis

Bylaw No. 510, being the “Comox Valley Regional District Delegation of Purchasing Authority Bylaw No. 510, 2018” and the CVRD Board approved Procurement Policy shifted the approval of most contract awards to staff provided the expenditure is approved in the board approved financial plan. The board maintains the ability to identify opportunities during the financial planning process that requires their approval prior to staff awarding a contract.

Options

This report is presented for information only.

Financial Factors

All contracts awarded during this period are included in the board approved financial plan. One procurement was cancelled and one contract was not awarded where the lowest bid was over the approved financial plan. One financial plan amendment was brought to the board where the lowest bid was in excess of the board approved financial plan. Once the amendment was approved by the board, the contract was awarded.

Interdepartmental Involvement

Financial Services 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 A –Contract Award Report

The following contracts above \$250,000 were awarded between January 23, 2018 and August 31, 2018 and are within the approved financial plan:

1.

Procurement:	Construction Services for the CVRD Regional Office Project
Successful Vendor:	Knappett Projects Inc.
Award Value:	\$10,352,514
Award Method:	Lowest Compliant Bid, approved by the board
Compliant Responses:	5
Non-Compliant Responses:	0
Bid/Proposal Ranking:	<ol style="list-style-type: none"> 1. \$10,693,000 Knappett Projects Inc. 2. \$11,238,500 Yellowridge Construction Ltd. 3. \$11,318,497 Kinetic Construction Ltd. 4. \$11,963,000 AFC Construction 5. \$12,515,000 Knappett Industries (2006) Ltd.

2.

Procurement:	Construction Services for the Biosolids Composting Facility expansion
Successful Vendor:	Knappett Industries Inc.
Award Value:	\$5,184,302.20
Award Method:	Lowest Compliant Bid
Compliant Responses:	4
Non-Compliant Responses:	0
Bid/Proposal Ranking:	<ol style="list-style-type: none"> 1. \$5,184,302.20 Knappett Industries (2006) Ltd. 2. \$6,599,461.65 1168714 BC Ltd. 3. \$6,888,065.00 Maple Reinders Constructors Ltd. 4. \$7,712,177.77 CanWest Mechanical Inc.

3. **Procurement:** Construction Services for the Greenwood Trunk Sanitary Sewer Line

Successful Vendor: Wacor Holdings Ltd.

Award Value: \$3,189,495.00

Award Method: Lowest Compliant Bid

Compliant Responses: 4

Non-Compliant Responses: 1

Bid/Proposal Ranking:

1. \$3,189,495.00 Wacor Holdings Ltd.
2. \$4,304,654.00 Windley Contracting Ltd.
3. \$4,548,001.00 Knappett Industries (2006) Ltd.
4. \$5,042,377.25 Hazelwood Construction Services Inc.

4. **Procurement:** Comox Valley Water Pollution Control Centre Odour Control Upgrades Phase 1

Successful Vendor: Archie Johnstone Plumbing & Heating Ltd.

Award Value: \$2,029,258.35

Award Method: Lowest Compliant Bid

Compliant Responses: 1

Non-Compliant Responses: 0

Bid/Proposal Ranking:

1. \$2,029,258.35 Archie Johnstone Plumbing & Heating Ltd.

5.	Procurement:	CVWPCC/Biosolids Facility - Relocation and Repair of Existing Industrial Steel Building
	Successful Vendor:	Knappett Industries (2006) Ltd.
	Award Value:	\$965,156.73
	Award Method:	Lowest Compliant Bid
	Compliant Responses:	2
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	<ol style="list-style-type: none"> 1. \$965,156.73 Knappett Industries (2006) Ltd. 2. \$981,450.00 CANbuild Solutions Inc.
6.	Procurement:	Construction Services for Sandwick Interconnection
	Successful Vendor:	Knappett Industries (2006) Ltd.
	Award Value:	\$909,929.00
	Award Method:	Lowest Compliant Bid
	Compliant Responses:	3
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	<ol style="list-style-type: none"> 1. \$909,929.00 Knappett Industries (2006) Ltd. 2. \$943,981.40 Copcan Civil Ltd. 3. \$1,482,105.27 Western Watershed Design Inc.

7.	Procurement:	Engineered Submersible Pumps for Comox Valley Water Pollution Control Centre
	Successful Vendor:	Xylem Water Solutions
	Award Value:	\$452,332.35
	Award Method:	Direct Award - Publically posted Notice of Intent to Direct Award
	Compliant Responses:	0
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	N/A
8.	Procurement:	Campbell River Waste Management Facility Storm Water Improvements
	Successful Vendor:	Berry and Vale Contracting Ltd.
	Award Value:	\$428,000
	Award Method:	Direct Award - Publically posted Notice of Intent to Direct Award
	Compliant Responses:	0
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	N/A
9.	Procurement:	Comox Strathcona Waste Management Bird Control Services
	Successful Vendor:	West Coast Wildlife Control Services Ltd.
	Award Value:	\$413,100
	Award Method:	Highest ranked proponent based on evaluation criteria
	Compliant Responses:	2
	Non-Compliant Responses:	0
	Bid/Proposal Ranking:	<ol style="list-style-type: none"> 1. West Coast Wildlife Control Services Ltd. 2. Pacific Northwest Raptors Ltd.