

## **PURCHASING POLICY A2.22 UPDATE 2022**

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### **RECOMMENDATION**

That the Board approve recommended updates to Purchasing Policy A2.22 as per the Staff Report dated February 22, 2022.

### **BACKGROUND**

The Regional District of Nanaimo's Purchasing Policy was updated and approved by the Board on January 26, 2021. Based on the Board direction to move toward a sustainable procurement program and to align procurements for Goods & Services with current Trade Agreements, staff are recommending updates to Sections 4.1, 4.2, 5.1, 5.3 a), 6.1 as well as Definitions 18, 23, 28, 30 and 31 of the current policy.

Procurements valued at \$75,000 or greater for Goods & Services and \$200,000 or greater for Construction must be publicly posted per current Trade Agreements.

While these changes correct some drafting errors and move the Regional District's procurement closer to sustainable procurement principles, further amendments will come from the Board's work with Reeve Consulting.

### **SUMMARY OF CHANGES**

#### **Section 4.1**

- a) Section 4.1: Increase discretionary level from \$5,000 to \$15,000 whereby staff have the option of obtaining one (1) or more quotes. Increasing discretionary limits is a recommended best practice by the BC Social Procurement Initiative to allow staff the opportunity to award more low dollar procurements to local vendors within the Regional District. The \$5,000 value has remained unchanged since 1994. The present value of \$5,000 is approximately \$9,300 in 2022 dollars due to inflation over the past 28 years. The net result of this recommendation is an increase of \$5,700.
- b) Section 4.1: Delete the \$15,000 - \$50,000 approval level and replace it with the \$15,000 - \$74,999.99 approval level. This will provide staff more opportunities to issue solicitations on an invitational basis to local suppliers and aligns with the Trade Agreements. Alternatively, staff can post publicly.

#### **Section 4.2**

Should the Board adopt a Sustainable Procurement Policy, the evaluation criteria weighting for sustainable initiatives is recommended to be in the range of 10% - 15% to be effective. This revision allows staff the flexibility to adjust the evaluation criteria, accordingly, to provide best value for the RDN.

Revise Section 4.2 to: Procurement evaluation criteria shall weight price at no less than 40% of the points assigned for evaluation purposes unless staff believe the best value for procurements can be realized with an alternative weighting system.

### **Section 5.1**

Increase value from \$5,000 to \$15,000 to align with revision to Section 4.1 a).

### **Section 5.3 a)**

- a) Increase from \$5,000 to \$15,000 to align with revision to Section 4.1 a).
- b) Delete the words “with the approval of the Director/General Manager” as they were included in error.

### **Section 6.1**

Revise 6.1 a) to: Department Manager or Director: up to \$75,000 per Change Order within the Board approved project budget;

Revise 6.1 b) to: General Manager: up to \$100,000 per Change Order within the Board approved project budget.

### **Definition 18**

Delete “over \$50,000” and replace with “\$75,000 or greater” to align with revision to Section 4.1 b).

### **Definition 23**

After the word “Construction” in the first sentence, insert “times the number of years”. This omission was an error in the original policy.

### **Definition 28**

Delete “over \$50,000” and replace with “\$75,000 or greater” to align with revision to Section 4.1 b).

### **Definition 30**

Delete “\$50,000 or less” and replace with “less than \$75,000” to align with revision to Section 4.1 b).

### **Definition 31**

- a) Delete “more” and replace with “less”. This was an error in the original policy.
- b) Delete “\$50,000” and replace with “\$75,000” to align with revision to Section 4.1 b).

## **FINANCIAL IMPLICATIONS**

There are no immediate, tangible financial implications attributable to these changes. However, within the updated policy, the ability to award more low dollar purchases to local vendors will be more efficient. It will also be more effective to be able to determine the weighting of the cost component on a case-by-case basis.

## **STRATEGIC PLAN ALIGNMENT**

Fiscal Responsibility and Good Governance

### **REVIEWED BY:**

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T. Moore, Acting Director of Finance  
D. Wells, General Manager, Corporate Services  
D. Holmes, Chief Administrative Officer

### **ATTACHMENT**

1. Draft Revised Purchasing Policy A2.22 Revised Policy
2. Draft Revised Purchasing Policy A2.22 Marked Up Version