

From: "Mochrie, Paul" <[Paul.Mochrie@vancouver.ca](mailto:Paul.Mochrie@vancouver.ca)>

To: "[Direct to Mayor and Council - DL](#)"

Date: 1/2/2025 9:33:58 AM

Subject: Procurement Policy - Memo to Mayor and Council

Attachments: Procurement Policy - FSC - Memo to Mayor and Council - Dec2024.pdf

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Dear Mayor and Council,

At the Standing Committee on Policy and Strategic Priorities on November 29, 2023, Council requested City staff to report back in Q4 2024 on the impacts of the new Procurement Policy, specifically regarding the establishment of the Commitment Authority Limit for Council for awarding contracts exceeding \$3,000,000.

Attached is a memo detailing the report back on changes to the Procurement Policy and Delegated Authority.

If you have any questions or need further clarification, please don't hesitate to reach out to me or Colin Knight.

Best,  
Paul

Paul Mochrie (he/him)  
City Manager  
City of Vancouver  
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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the x̱m̱ ḵ y̱ m̱ (Musqueam), S̱ wxw̱ú7mesh (Squamish), and s̱ lilw̱ ta̱ (Tsleil-Waututh) Nations.

## MEMORANDUM

January 2, 2025

TO: Mayor and Council

CC: Paul Mochrie, City Manager  
Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Sandra Singh, Deputy City Manager  
Katrina Leckovic, City Clerk  
Maria Pontikis, Chief Communications Officer, CEC  
Teresa Jong, Administration Services Manager, City Manager's Office  
Mellisa Morphy, Director of Policy, Mayor's Office  
Trevor Ford, Chief of Staff, Mayor's Office  
Andrew Naklicki, Chief Human Resource Officer  
Julia Aspinall, Director of Financial Services  
Alexander Ralph, Chief Procurement Officer and Director of Supply Chain Management (SCM)

FROM: Colin Knight  
Chief Financial Officer and General Manager, Finance and Supply Chain Management

SUBJECT: Report back on Changes to the Procurement Policy and Delegated Authority

RTS # 15962

At the Standing Committee on Policy and Strategic Priorities held on November 29, 2023, Council requested City staff to report back in Q4 2024 on the impacts of the new Procurement Policy regarding the direction to establish the Commitment Authority Limit for Council for the award of contracts greater than \$3,000,000.

### **Background on the Changes to the Procurement Policy and Delegated Authority**

Following recommendations by the City's Office of the Auditor General in February 2023, staff recommended changes to the Procurement Policy to ensure that the City was in compliance with its obligations under a number of applicable trade agreements. Specifically, one of the recommendations consisted in amending the definition in the Procurement Policy of a contract's "Total Price" to cover the estimated maximum overall value of a procurement throughout its entire term. This meant that the total price that determines the contract value for public procurement postings and contract award approval

thresholds should not only include the estimated value of the contract during the initial term, but also include the value of all possible contract extension options.

This definition change required that in order for the policy implementation process to continue to be efficient, that the approval threshold limits for the contract Commitment and Execution delegated authorities in the policy were revisited as well. Staff recommended to change the Commitment Authority for Council from \$2,000,000 to \$5,000,000. Council amended the recommendation and directed that the Commitment Authority Limit for Council to be \$3,000,000 to keep the appropriate level of oversight and governance accountability during the contract approval process.

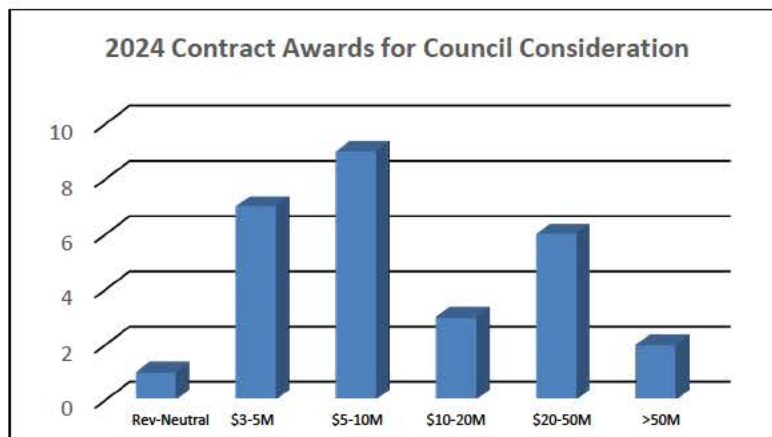
**Update on the Impacts of the changes to the Procurement Policy and Delegated Authority**

Changes to the Procurement Policy and Delegated Authorities with new contract award value thresholds became effective on January 1, 2024.

During the calendar year of 2024 there were 28 contract approval reports that were brought to Council for consideration. The table in Appendix A lists the description and the value of these contracts consistent to the revised definition of Total Price in the Procurement Policy.

Out of these reports, 7 were in a value range between \$3,000,000 and \$5,000,000 (2 of these related to change orders of existing contracts). The Procurement Policy requires Council approval of change orders in the case the cumulative value of the original contract plus the change orders exceed the Commitment Authority Limit for Council.

21 out of the 28 reports (75%) had a value greater than \$5,000,000 and 11 of them had a value greater than \$2,000,000 (approximately 40% of the contracts brought to Council for contract award approval consideration).



The number of contract award reports for Council’s consideration increased in 2024 in comparison to previous years. For example, in 2022 there were 16 reports and in 2023 there were 19 reports related to contract awards brought to Council for approval consideration. This can not only be attributed to changes in the Procurement Policy, but also be attributed to a larger volume of procurement activity in 2024 in comparison to previous years as there has been an emphasis in the organization to accelerate projects to support Council priorities and other organizational objectives such as the acceleration of the delivery of the capital plan. More detailed information will be reported back as part of the Annual Procurement Report to Council planned for April 2025.

## Conclusion

Council's decision to establish the contract award threshold at \$3,000,000 has not significantly impacted the procurement approval process in delaying contract execution and project costs. In 2024, the majority of the reports exceeded \$5,000,000, so therefore regardless such reports would have been put forward to Council for approval consideration. Unless Council's approval threshold is raised to \$10,000,000 or greater there would not be a material decrease in the number of contract awards put forward to Council for approval consideration nor a substantial efficiency impact by streamlining the procurement approval process, while at the same time balancing the appropriate level of delegation of authority to City staff and oversight and governance accountability through a public contract approval process.

There are opportunities to continue to refine the Procurement Policy in pursuit of delivering effective and efficient procurement practices. Staff will continue to explore these opportunities and will report back to Council with recommendations in 2025.

Please let me know if you have any questions.

*Colin Knight*

Colin Knight  
General Manager, Finance and Supply Chain Management

604.873.7569 | [colin.knight@vancouver.ca](mailto:colin.knight@vancouver.ca)

## APPENDIX A – Number of Reports Contract Award Reports for Council Consideration in 2024

Report	RTS	Date	Description	Amount	Event Reference #
1	16218	2/28/2024	Pre-Qualification of Professional Eng Services Consultants	\$ 20,000,000.00	PS20230415-ENG-RFA
2	16220	2/28/2024	Pre-Qualification of Building Management Services Consultants	\$ 8,000,000.00	PS20230443-REFM-RFA
3	16152	2/28/2024	Food and Beverage Broadline Distribution	\$ 6,000,000.00	PS20230559-VBPR-RFP
4	16215	3/13/2024	Supply and Delivery of Aerial Fire Ladder Trucks	\$ 9,067,777.11	PS20230593-ENG-RFP
5	16291	4/24/2024	Microsoft Contract Renewal	\$ 33,700,000.00	PS20240721-COV-NOITC
6	16294	5/8/2024	Construction Service - Bute-Robson Plaza	\$ 6,714,353.40	PS20230575-ENG-ITT
7	16385	6/26/2024	Supply and Delivery of Light and Medium Duty Vehicles	\$ 43,102,035.00	PS20230587-ENG-RFP
8	16396	7/10/2024	Supply and Delivery of Vocational Truck Chassis	\$ 8,681,124.00	PS20230296-ENG-RFP
9	16384	7/10/2024	Shared E-Scooter System Operator	Revenue-neutral	PS20230514-ENG-RFP
10	16398	7/10/2024	The Supply and Delivery of Water Meters & Water Meter Assemblies (Awarded multiple contracts)	\$ 4,759,223.00 \$ 7,035,555.00	PS20240683-ENG-RFP
11	16416	7/24/2024	Debt Collection Agency Services	\$ 3,591,571.00	PS20230255-FRSCM-RFP
12	16415	7/24/2024	Supply and delivery of Junction Box and Vault	\$ 5,584,042.83	PS20230444-ENG-RFP
13	16403	7/24/2024	Provision of Mobile Parking Payment System	\$ 12,200,000.00	PS20230456-COV-RFP
14	16429	7/24/2024	Consultant for Expo Deck Deconstruction	\$ 4,500,000.00	PS20230461-ENG-RFP
15	16498	9/25/2024	Supply and Delivery of Electrical Traffic Control Supplies	\$ 5,711,940.00	PS20240769-ENG-RFQ
16	16529	10/9/2024	Value Added Reseller for Network and Data Center Hardware, Software Services, Support & Warranty	\$ 92,000,000.00	PS20230599-COV-RFP
17	16566	10/9/2024	Sunset Seniors Centre Building - General Contractor	\$ 11,671,176.30	PS20240897-REFM-ITT
18	16569	11/13/2024	Pre-Qualification - Construction Services for Sewer and Other Utility Work - Contractor Program	\$ 95,000,000.00	PS20240711-ENG-RFA
19	16527	11/13/2024	SAP SuccessFactors Licenses	\$ 4,024,574.00	PS20240936-COV-NOITC
20	17592	11/13/2024	Consulting Services for PNE Amphitheatre Phase 1 and Phase 2	\$ 7,931,725.00	Change Order
21	16531	11/13/2024	Provision of Implementation Services for SAP SuccessFactors Learning and Application Management Support	\$ 3,985,334.00	Change Order
22	16570	11/27/2024	Provision of Advanced Water Metering Infrastructure	\$ 23,716,769.00	PS20230244 -ENG -RFP
23	16571	11/27/2024	Consulting Services for SAP S4/HANA Conversion	\$ 3,320,667.00	Change Order
24	17595	11/27/2024	Service Provider to Assist in the Planning and Delivery of the FIFA Fan Festival (*Based on 7.5% of Final Total Project Budget)	\$ 1,478,393.00 Plus variable fees*	PS20240895-CMO- RFP
25	12497	12/10/2024	Selection of Operator at 5718 Choy Yuen Crescent	\$ 11,959,000.00	PS20240908-CMO-RFP
26	17593	12/11/2024	City-wide Cut Repair Project	\$ 30,000,000.00	PS20240795-ENG-RFP
27	17623	12/11/2024	Golf Courses Operator	\$ 4,357,401.37	PS20240824-VBPR-RFP
28	17624	12/11/2024	FIFA World Cup 26 Vancouver Venue Specific Training Sites (VSTS)	\$ 25,000,000.00	PS20240847-VBPR-RFP