

DATE: January 27, 2023

TO: MAYOR AND COUNCIL

NAME AND TITLE: Kris Dalio, Director of Finance and IT Services

SUBJECT: Procurement Authorizations

ATTACHMENT(S): None

RECOMMENDATION:

THAT Council GIVES FIRST THREE READINGS to “City of Prince George Purchasing Bylaw No. 8841, 2017, Amendment Bylaw No. 9378, 2023”.

PURPOSE:

The purpose of this report is to obtain approval from Council to update the procurement bylaw’s authorizations and some minor housekeeping to reflect current organizational structure.

STRATEGIC PRIORITIES:

This report supports Council’s priorities of Sustainable Fiscal Management, Sustainable Infrastructure and Organizational Excellence.

BACKGROUND:

Procurement authorizations in the City’s Purchasing Bylaw for various staff positions need to be updated to reflect the current organizational structure. The intention of authorization thresholds is to have the ability to streamline the purchasing of goods and services when the purchases are of a less material nature. Over the years, inflation is causing thresholds to trigger additional procurement work on purchases that was never intended with the original thresholds. With that intent in mind, the adjustments to the thresholds of purchasing authorities have been proposed to approximately reflect the same effective purchasing power as was available twelve years ago when the thresholds were last established.

Twelve years of inflation at 5%/year would be equivalent to an 80% increase (includes compounding) in authorizations at today’s values. To avoid returning every year to adjust the bylaw, Administration is recommending the authorizations to double from the limits set in 2011. For reference, 14.2 years would be the mathematical doubling point at 5%/year, so this bylaw’s authorizations should not need to be amended again in the short term.

Municipal procurement procedures are still governed by trade agreements requiring the full and proper solicitation of goods and services through an open public process including posting on public solicitation forums such as BC Bid and bids&tenders. These trade agreements begin to apply when the purchase of goods and services exceed \$75,000 or the cost of construction exceeds \$200,000. The City of Prince

George has its own internal bylaw and procedures that introduce further solicitation measures at reduced thresholds to ensure purchases below applicable trade agreement thresholds are still made in a manner that provide best value for the City. The balancing factor for this is the administrative cost/burden it takes to do the additional procurement work for the City's least expensive purchases. It is Administration's recommendation to amend the thresholds in order to maintain that balance as intended in 2011. Proposed threshold changes in the bylaw are as follows:

- Manager purchase authorization from \$25,000 to \$50,000
- Manager of Risk & Procurement purchase authorization from \$100,000 to \$200,000
- Director of Finance and IT Services (formerly GM of Administrative Services) purchase authorization from \$250,000 to \$500,000

There are also housekeeping amendments in this report to reflect current organizational structure. Procurement previously reported to the General Manager of Administrative Services. That position was eliminated in recent organizational restructuring and Procurement now reports to the Director of Finance and IT Services. That naming change has been made throughout the bylaw as well as the ability to further delegate the responsibilities of that position to an appointed Acting Director should the Director be away for any reason.

SUMMARY AND CONCLUSION:

Approving the procurement bylaw in this report will improve our efficiency in the City's overall procurement processes while still maintaining best practices of general municipal procurement including effective oversight, ongoing compliance with all applicable trade agreements, and ensuring best value for the City.

RESPECTFULLY SUBMITTED:

Kris Dalio, Director of Finance and IT Services

APPROVED:

Walter Babicz, City Manager
Meeting date: February 6, 2023