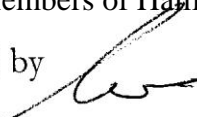


Item No. 11.2.3(ii)
Halifax Regional Council
March 1, 2011

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY:

Wayne Anstey, Acting Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: February 10, 2011

SUBJECT: Interim Award Policy – Proposed Amendments to Administrative Order
35 Respecting the Procurement Policy

ORIGIN

The February 1, 2011 Regional Council session and the February 9, 2011 Audit and Finance Standing Committee meeting.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Amend Section 9, Award of Contracts, Administrative Order 35, Procurement Policy, as follows:
 - a) That the Interim Award Policy only be in effect during the Regional Council Summer and December Holiday breaks by eliminating the following wording from Subsection 5: “ and for occasions when a regular Regional Council meeting has been cancelled or the regular schedule creates more than eight (8) business days between Council meetings, to read as follows:

RECOMMENDATIONS CONTINUED ON PAGE 2

(5) During the summer (July – September) and the December Holiday break periods, the CAO or his designate, may approve the award of contracts under the following conditions:.....”

(b) Modify the budget program/conditions to ensure purchases are within scope by adding ”and within scope” to subsection 5 (a) to read as follows:

(5) (a) “Where the funds and program have been approved by Halifax Regional Municipality as part of the annual business planning and budget process and the expenditure will not result in an over-expenditure of the entire budget and is within scope.”

2. Consider Interim Award authority for projects on a case by case basis such as the Canada Games and/or the Central Library.

BACKGROUND

At the February 1, 2011 Regional Council session, Council requested that the Audit and Finance Standing Committee undertake a review of the Interim Award Policy, Administrative Order 35. At their February 9, 2011 meeting, the Audit and Finance Standing Committee reviewed Administrative Order 35 and approved the recommended changes as noted, and requested they be forwarded to Council.

DISCUSSION

The Interim Award Policy is referenced in Section 9 (5) of Administrative Order 35, the Procurement Policy, and provides for the delegation of contract award authority from Halifax Regional Council to the CAO (or his designate) during the following periods:

- Summer months (July, August);
- On occasions when a regular Regional Council meeting has been cancelled; and
- The regular schedule creates more than eight (8) business days between Council meetings.

This delegation of contract award authority is subject to the following conditions:

1. The funds and program have been approved by Halifax Regional Council as part of the annual business planning and budget process and the expenditure will not result in an over-expenditure of the entire budget.
2. The purchase was the result of a public procurement process conforming to the Halifax Regional Municipality Procurement Policy.
3. The Request for Tender is awarded to a supplier with the lowest cost, or highest revenue, meeting specifications.
4. The award of a Request for Proposal is made to the highest scoring proponent based upon evaluation criteria within the Request for Proposal.
5. The purchase is a sole source/single source not exceeding \$50,000.
6. There is no legislative requirement to obtain Halifax Regional Council approval.

7. The CAO does not decide that the award is a matter best dealt with by Halifax Regional Council.

Section 9 (6) of the Procurement Policy also requires that Regional Council be provided with a quarterly report with detailed information of all contract awards made by the CAO under the Interim Award Policy.

The intent of the Interim Award Policy is to facilitate the ongoing award of contracts so that projects and programs can be delivered in a timely fashion. This is particularly important for capital projects constrained by a short construction season.

The Interim Award Policy was reviewed for opportunities to enhance the transparency of the contracts awarded by the CAO under this policy. Two opportunities were identified and are recommended as follows:

1. Limiting the effective period of the Interim Award Policy to the summer (July - September) and December Holiday breaks; and
2. Ensuring that contract awards approved by the CAO are within the scope approved by Halifax Regional Council through the annual business planning and budget process.

Eliminating the provision that the CAO may award contracts when a Regional Council meeting has been cancelled, or the regular schedule creates more than eight business days between Council meetings, will have a minimal impact on operations. If a contract award is deemed of sufficient urgency, Regional Council could be reconvened.

Ensuring that contract awards approved by the CAO are within the scope approved by Halifax Regional Council through the annual business planning and budget process provides for greater transparency. For example, Council approval is required if contract awards have been phased in a manner that precludes a project from being completed as originally intended.

To meet the critical success factors on time and on budget, Council has approved the delegation of authority to the CAO to approve the award of sub-trade packages and Request for Proposal under the Interim Award Policy for two specific projects, the Canada Games Centre and the Central Library. The delegation of this authority to the CAO for the Canada Games Centre was a significant factor in the successful and timely delivery of this project given the tight project deadlines.

COMMUNITY ENGAGEMENT

N/A

ALTERNATIVES

Council may choose not to approve the amendments. This is not recommended.

BUDGET IMPLICATIONS

There are no budget implications to these recommendations.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

1. Revised Section 9 (5) of Administrative Order 35 Respecting Procurement Policy

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Anne Feist, Manager, Procurement, 490-4200

Report Approved by: Original Signed by Director
Cathie O'Toole, CGA, MBA, Director of Finance/CFO 490-6308

Appendix 1

Revised Section 9 (5) Administrative Order 35, Procurement Policy

During the summer (July – September) and December Holiday break periods, the CAO or his designate, may approve the award of contracts under the following conditions:

- (a) Where the funds and program have been approved by Halifax Regional Council as part of the annual business planning and budget process and the expenditure will not result in an over-expenditure of the entire budget and is within scope.
- (b) Where the purchase was the result of a public procurement process conforming to the Halifax Regional Municipality Procurement Policy.
- (c) Where the Request for Tender is awarded to a supplier with the lowest cost, or highest revenue, meeting specifications.
- (d) The award of a Request for Proposal is made to the highest scoring proponent based upon evaluation criteria within the Request for Proposal.
- (e) Where there is no legislative requirement to obtain Halifax Regional Council approval.
- (f) Where the CAO does not decide that the award is a matter best dealt with by Halifax Regional Council.