



REPORT

To: Chair and Directors

Report Number: ADM-BRD-143

From: Tyra Henderson, Corporate Officer

Date: February 11, 2021

Subject: Procurement Policy Amendment – Sole Source Enterprise Applications

RECOMMENDATION: *[Corporate Unweighted]*

That the Regional Board adopt the Procurement Policy as amended to authorize direct award/sole sourcing of enterprise applications.

BACKGROUND/RATIONALE:

The Peace River Regional District (PRRD) is increasingly reliant on complex software platforms to support its daily work, characterized as 'enterprise applications'. Many processes that were once completed using manual methods are now completed more effectively and efficiently using automated processes, many of which involve the use of software specifically designed for local government use. As an example, whereas budgeting and financial transaction tracking was once done in a paper ledger book, and later in an excel spreadsheet, these functions are now conducted using 'Vadim', the financial management system in use by the PRRD since 2005. More recently, in 2018, the PRRD completed a procurement process for provision of software to automate emergency alert notifications. Several programs were considered and evaluated, with the eventual choice being the Everbridge system, branded as NEBC Alerts. Most member municipalities, with the exception of Fort St. John, also utilize the program to issue emergency alerts and other time sensitive notifications. The original contract term of three years is soon to expire, which led to the proposed amendment to the procurement policy for the reasons explained below.

Under the current procurement policy, an open competition process is required for renewal of all contracts, including enterprise software platforms, valued in excess of \$50,000, and an invitational competition for contracts valued between \$5,000 and \$49,999. It has been identified that the loss of the investment of staff training and proficiency that would take place, should an enterprise system be switched out, plus the time required to transfer all of the data typically housed within an enterprise application, is a legitimate cost to the organization which may be difficult to pinpoint, but is a reality with any introduction of new software/operating systems.

In addition, some enterprise applications systems interface with the public. Most notably, the Everbridge platform, used to issue mass communications, emergency and public alerts, falls into this category. The platform and its mass communications software let the PRRD and member municipalities directly contact residents at risk in an emergency; it is also used to share information about facility closures, such as solid waste or water station service disruptions.

The Everbridge system is established with PRRD residents and member municipalities who use it under the PRRD contract; switching to another provider would be a time-consuming process for the PRRD and member municipalities and would most likely require an extensive new public awareness campaign to re-register

residents to receive both the PRRD and member municipalities' alerts; in the interim, service would be disrupted. It would also require significant IT staff commitment to implement a new platform and staff training on the new platform across most PRRD departments. The current contract will expire on April 12, 2021.

To address these challenges, the following amendments to the Procurement Policy are proposed:

1. Addition of a definition of enterprise applications, as follows:

Enterprise Application: An application or software used to conduct day to day operations of the organization, including but not limited to agenda management software, financial management software, emergency management software, and landfill operating software.

The list is not exhaustive or prescriptive, as there may be additional platforms acquired by the PRRD that modernize and support operational processes (a building permit application and tracking system, or a procurement process management system are examples of potential future platforms that could be implemented).

2. Addition of the authority to direct award contracts for enterprise applications, and to rely on the definition of 'one of a kind goods or services available from only one supplier' found in the Canadian Free Trade Agreement¹.
3. Addition of a requirement to review enterprise applications at least every five years, to ensure their continued relevance and performance.

In reality, as the threshold for staff to direct award is currently set at \$25,000, with many enterprise systems valued between \$13,000 and \$25,000 per annum, enterprise systems will be reviewed annually in some instances, and bi-annually in others. Direct award of contracts above \$25,000, (to secure a service over a longer term) may be approved by the Board under the policy.

The Draft Procurement Policy is attached for the Board's consideration. All proposed additions have been shown highlighted in yellow, and proposed deletions are crossed out.

ALTERNATIVE OPTIONS:

1. That the Regional Board provide further direction.

¹ 'One of a kind goods or services available from only one supplier':

1. *Compatibility: goods or service must match existing brand of equipment for compatibility and is available from only one supplier.*
2. *Replacement part/item: replacement part/item for a specific brand of existing equipment that is available from only one supplier.*
3. *Continuity: goods or service must comply with established PRRD specifications and standards and is available from only one supplier.*
4. *Unique design; goods or service must meet physical design or quality requirements and is available from only one supplier.*

STRATEGIC PLAN RELEVANCE:

- ☒ Responsive Service Delivery
- ☒ Enhance Emergency Planning and Response Capacity

FINANCIAL CONSIDERATION(S):

Designated purchasing authorities (Department Head) or designate may authorize direct award of contracts where funding is allocated within an approved budget, for contracts up to \$25,000. This section of the policy ensures that staff are not making long-term commitments to suppliers, even for enterprise applications, and will ensure ongoing assessment of the performance of enterprise applications.

COMMUNICATIONS CONSIDERATION(S):

None.

OTHER CONSIDERATION(S):

The New West Partnership Trade Agreement includes exemptions for enterprise applications.

Exemption from routine public procurement for enterprise applications does not relieve staff from the responsibility to obtain the best value for public money, a stated purpose of the procurement policy, or to comply with trade agreements that override the policy. Enterprise systems may become obsolete if they fail to adapt to the constantly changing and evolving public sector environment. Should an application no longer meet PRRD needs, new options will be examined, and/or a public procurement process may be undertaken to identify a new service provider that better meets the needs of the PRRD. This has been formalized in the policy with a new requirement added to review the performance of enterprise applications at a minimum of every five years, to assess the performance and relevance of the system in place against other available options, to inform a decision to renew or go to market for proposals.

Also, as staff contemplated the proposed policy change, consultation with other local governments (City of Fort St. John, Regional District of Fraser Fort George) revealed that other local governments do not routinely go to market for enterprise applications, because of their broad scope and application across the organization(s). Either these local government purchasing/procurement policies provide similar exceptions, or systems are renewed annually and considered part of ongoing operational costs and are not subject to routine public procurement.

Attachment: Draft Procurement Policy