

POLICY STATEMENT AND REGULATIONS

Number: 200.6

PURCHASING AUTHORITY

POLICY OBJECTIVE

To establish principles for the acquisition, sale, or, lease of goods and services by the District of Summerland.

To ensure goods and services are acquired through a fair, open and transparent process that protects the interests of taxpayers and maintains the controls necessary for a public institution.

POLICY

1. Department Directors (Directors means managers who report directly to the Chief Administrative Officer) will manage and oversee the acquisition of all goods and services and disposal of assets on behalf of the District. All formal solicitations such as, but not limited to, Tenders, Request for Proposals, Request for Qualifications, Request for Information, Request for Expressions of Interest, Notices of Intent, and Notices of Sale shall be issued and received by the Department Directors and Senior Managers on behalf of the District.
2. Purchasing decisions shall be made to ensure best value. Best value will be determined by the disclosed evaluation criteria. Evaluation Criteria may include, but is not limited to; price, delivery, quality, warranty, environmental and fair trade/ethical considerations, qualifications, experience and service. In the absence of evaluation criteria, lowest price will be deemed the determining factor.
3. Providing the purchase is provided for in the Financial Plan, unless there are unusual circumstances, the Chief Administrative Officer, the Director of Finance or Director of the user department will have authority to award tenders to the low bidder. If the tender award recommendation is other than the low bidder, a Staff Report shall be provided for Council's approval.
4. The Chief Administrative Officer, the Director of Finance or Director of the user department have authority to issue and award any Request for Proposal up to \$100,000. Prior to issuing any Request for Proposal over \$100,000, Council will be provided with a Staff Report for approval to proceed. Council approval will be required to award all Request for Proposals over \$100,000.
5. The District will cooperate with other public agencies to purchase jointly where efficiencies may be gained and savings may accrue.
6. District employees are required to conduct themselves with personal integrity, ethics, honesty and diligence when acquiring goods and services. Employees are to avoid placing themselves in situations where their personal interests actually or potentially conflict with the interests of the District. A conflict may occur when an actual or potential interest benefits the employee, any member of the employee's family, friends or business associates.

7. District purchasing contracts will include relevant language from collective agreements pertaining to the provision of any municipal service, function or construction.
8. District employees will not be allowed to accept business gifts from vendors other than items of nominal value.
9. Department Directors shall have the authority to dispose of any vehicles, equipment, furniture, materials, or supplies no longer required by the District, but that may still have some economic value. Disposal of items will be by way of sale at public auction, sale by public offer, trade in allowance, or donated to non-profit organizations. Wherever possible, items that cannot be sold or donated will be recycled, limiting the amount sent to the landfill. District employees may not be given any surplus items and will not be able to buy surplus items directly from the District unless the sale is through a third party auction.
10. The District will, on occasion, contract for the development of specifications for the purchase of goods or services. The firm or individual that is contracted to develop the specifications will be prohibited from bidding on the contract to supply the same goods or services (except for design/build projects) unless prior written approval of the Chief Administrative Officer or Director of Finance has been obtained.
11. Request for Proposals will contain wording that the District reserves the right to negotiate enhancements or changes to the preferred Proposal with the proponent.
12. Exceptions to this policy will be by prior approval of Council only.
13. The Department Directors and Senior Managers shall have the authority to bypass normal procedures in the event of emergency or where the cost or delay to the District would be prohibitive. Council will be provided an Information Report summarizing these types of purchases shortly after any event.
14. In the instance where only one tender or proposal is received after publicly tendering or inviting multiple vendors to bid, an analysis will be performed by the User Department to determine whether or not it represents good value for the taxpayer. Written approval will be required before awarding as follows:
 - Up to \$10,000 Department Directors and Senior Managers
 - Over \$10,000 up to \$100,000 Chief Administrative Officer or Director of Finance
 - Over \$100,000 Council
15. The value of any contract, or, purchase agreement is determined by the total estimated dollar value of the fixed term of the contract, excluding tax.

16. The Department Directors and Senior Managers shall endeavor to competitively tender for goods and services on a regular basis. A competition may be waived and direct awarded in circumstances such as, but not limited to sole source or single source purchases:
- to ensure compatibility with existing equipment, facilities or to maintain specialized products by the manufacturer or representative;
 - where vendor's staff have specialized training and/or extensive experience;
 - where there is an absence of competition and no acceptable alternative or substitute exists;
 - for the purchase of used equipment or at auction;
 - where it can be demonstrated the product or service is available only through one authorized manufacturer, distributor, dealer, or, service provider;
 - item is purchased for testing or trial use;
 - for matters involving high security and/or to protect the confidentiality of the District;
 - urgently required on an emergency basis (e.g. life/death, health, safety, critical equipment or facility breakdown);
 - a Notice of Intent to Direct Award is posted electronically and is not challenged;
 - where there is demonstrated value to continue consultant services into the next project phase (i.e. from design to construction);
 - any other situation where it is clearly demonstrated there is only one viable source of supply.

Values and authority levels to Sole Source or Single Source Purchases are as follows:

- Up to \$25,000 Department Directors
 - Over \$25,000 up to \$100,000 Chief Administrative Officer or Director of Finance
 - Over \$100,000 Council
17. Security is at the discretion of the Department Representative and is recommended for Construction tenders (Structural or Civil works) valued over \$100,000. Security can be requested for any other type of tender or proposal call, at the discretion of the User Department, if deemed to be in the best interest of the District. Security is defined as, but not limited to, Bid Bonds, Performance Bonds, Labour and Material Payment Bonds, Irrevocable Letters of Credit and Bank Drafts. Any alternate arrangements should have the prior written approval of the Director of Finance.
18. All vendors conducting business on District property must possess current

Commercial General Liability Insurance, with the District of Summerland named as additionally insured, and/or Professional Liability Insurance in amounts satisfactory to the District's Directors.

19. All vendors with employees conducting business on District property, must possess current WorkSafe BC coverage showing the firm is a member in good standing and remittance is up to date.
20. Some expenditures are not the result of any procurement process including, but not limited to, general expenses, utilities, training and education. Lists below are not comprehensive but are for illustrative purposes:

General Expenses:

- Licenses / permits (vehicles, elevators, etc.)
- Postage
- Periodicals, Magazines, Subscriptions
- Media Advertisements
- Liability Insurance from the Municipal Insurance Association

Utilities:

- Hydro/Heating Fuel/Natural Gas
- Water / Sewer / Garbage / Recycle
- Telephone / Fax/Internet

Training and Education

- Courses/Seminars/Staff Training/Development/Workshops
- Conventions
- Memberships
- Related travel

21. Where quality, service and price are equivalent, first preference shall be given to suppliers located within Summerland and then to those located in the Okanagan Valley.
22. The District may, in its absolute discretion, reject a Tender submitted by a Tenderer, if the Tenderer or any Officer or Director of the Tenderer is, or has been engaged in, either directly or indirectly, through another corporation in a legal action against the District, its elected or appointed officers and employees in relation to:
 - (a) any other contract for works or services; or,
 - (b) any matter arising from the District's exercise of its powers, duties, or functions under the *Local Government Act* or another enactment within five years of the date of this Call for Tenders.

In determining whether to reject a tender under this clause, the District will consider whether

the litigation is likely to affect the Tenderer's ability to work with the District, its consultants and representatives, and whether the District's experience with the Tenderer indicates that the District is likely to incur increased staff and legal costs in the administration of this contract if it is awarded to the Tenderer.

23. A Request for Prequalification is a subjective and low cost method of evaluating and screening potential vendors and specialized service providers for subsequent participation in a competitive bidding process. Prequalification can also be used to establish a standardized list of materials and goods.

It is in the interest of the taxpayer to have a process that is as inclusive as possible. Accordingly, prequalification of vendors or service providers must only be used in limited circumstances, and where it is determined that there is a need to pre-qualify them because of special expertise requirements, such as specific environmental considerations, or specialized public safety requirements, or other clearly identified criteria. The prequalification process must not be used to limit the number of qualified bidders.

The purpose of prequalifying vendors and specialized service providers is to ensure that each potential vendor can demonstrate they have the expertise and resources to complete the work required. Responses to the Request for Prequalification are evaluated and the list of qualified vendors is then invited to participate in the subsequent Request for Tender/Proposal process. Thus, the actual Request for Tender/Proposal is open only to those vendors which were successful in the Prequalification stage. For this reason, it is vital that the Prequalification process is both open and fair. Criteria for selection must be explicit and capable of providing guidance for evaluation.

The use of prequalification may be considered for:

- (a) Complex work requiring, but not limited to, specialized expertise, equipment, materials, safety, environmental, technological, or financial considerations. For projects valued over \$100,000, if prequalification is to be used, notification must be included in the Report to Council prior to commencing the procurement process. For complex work valued over \$25,000 up to \$100,000, if prequalification is to be used, justification must be included and written approval from the Chief Administrative Officer or Director of Finance must be obtained prior to commencing the procurement process.
- (b) Creating a standardized list of materials and goods such as Engineering and Public Works "Approved Products List".

The general administrative procedures for issuing the Request for Prequalification and advertising the opportunity will be in accordance with Council's Purchasing Policy.

A Request for Prequalification for General Contractors and specialized service providers may be evaluated on, but not limited to, the following criteria:

- (a) Company Qualifications, Experience and References in similar work and other work;
- (b) General Company information regarding legal structure, ownership, key personnel, location, areas of expertise and size of projects completed;
- (c) Financial stability and Bonding capabilities;
- (d) Company Health and Safety policies including Letters of Clearance and Certifications;
- (e) Current Workload and availability;
- (f) Company's Quality Control program;
- (g) Company Warranties/Guarantees offered;
- (h) Ability to obtain security clearance;
- (i) Any other criteria the Project Manager deems important.

When choosing evaluation criteria for vendors and specialized service providers, it is important to understand the goal of the process is to identify vendors who are clearly capable of carrying out the work on behalf of the District. Evaluation criteria should be weighted and must be directly relevant to the work at hand. Only weighted evaluation criteria contained in the Request for Prequalification is be used when evaluating potential vendors. To be prequalified, a vendor must achieve the reasonably established minimum score as identified in the prequalification document.

Appropriate staff and/or project consultants will evaluate and rank the submissions, create a list of vendors that have achieved the minimum score and which will be invited to participate in the subsequent Request for Tender/Proposal. All qualified vendors will be permitted to compete.

Unsuccessful vendors will be provided a debriefing opportunity in order to review their scoring and to discuss the strengths and weaknesses of their submission.

Adopted: November 10, 2014

PURCHASING POLICY – LEVELS OF RESPONSIBILITY

| <u>Purchases of:</u> 1. Materials & supplies 2. Vehicles & equipment 3. Service contracts 4. Construction contracts 5. Consulting services | <u>Authority to Make Low Bid Purchases</u> | <u>Authority to Make Greater Value Purchases</u> | <u>Quotation or Public Tender</u> | <u>Advertising Requirements</u> |
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| Up to \$10,000 | Department Directors | Department Directors | Quotations or fee proposals at the discretion of the Department Directors | At discretion of Department Directors to invite bidders or post electronically on District website and/or BC Bid |
| Over \$10,000 but not exceeding \$25,000. | Director of Finance and Department Directors | Director of Finance and Department Directors | Formally issue Tender or Request for Proposal documents to a minimum of three suppliers or publicly tender. | At discretion of Department Directors to invite bidders or post electronically on District website and/or BC Bid |
| Over \$25,000 but not exceeding \$100,000. | Director of Finance and Department Directors | Chief Administrative Officer or Director of Finance | Public Tender | Shall be posted electronically on District Website and BC Bid |
| Over \$100,000. | Chief Administrative Officer or Director of Finance or Council | Council | Public Tender | Shall be posted electronically on District website and BC Bid |