



Purchasing Policy

Policy Ref No.	PP-06-2021
Approval Date:	June 22, 2021
Council Resolution No.:	C216/21
Related Policies / Procedures:	<ul style="list-style-type: none">• City of West Kelowna Purchasing Procedures, 2021• Purchasing Card Policy

1. PURPOSE

This Purchasing Policy has the following purpose:

- To establish the overall direction, philosophies, and values that the City of West Kelowna will follow in the procurement of its goods and services;
- To confirm the authorizations, approval limits and processes that must be followed in the procurement of those goods and services; and
- To set the process that must be followed for the disposal of surplus equipment, materials and other goods.

2. POLICY STATEMENTS & GENERAL PRINCIPLES

The following general statements and principles apply to how the City shall conduct its procurement activities:

2.1. Overall City Conduct:

The City commits to creating and maintaining a high level of confidence in its procurement of goods and services by ensuring integrity, transparency, accountability, efficiency and consistency in how it conducts its processes.

2.2. Fair Competition:

The City shall acquire goods and services through fair, transparent and competitive processes in accordance with legislative and trade agreement requirements. Competitive processes followed shall balance the interests of City taxpayers with the fair and equitable treatment of suppliers and contractors.

2.3. Legislation & Trade Agreement Requirements:

The City's procurement processes and conduct shall comply with the authorities and obligations of the following legislation and trade agreements:

- The Local Government Act;
- The Community Charter;
- The New West Partnership Trade Agreement (NWPTA);

- The Canadian Free Trade Agreement (CFTA); and
- The Comprehensive Economic Trade Agreement (CETA).

2.4. Local Suppliers or Contractors:

The City does not give preferential treatment to local suppliers or contractors in accordance with its trade agreement requirements.

2.5. Record Keeping:

The City shall maintain written records of its procurement processes, in order to support:

- audits of procurement practices;
- any required release of information under the Freedom of Information and Protection of Privacy Act (FOIPPA); and
- timely and useful debriefs to participants of competitive processes, as required under CFTA and CETA.

2.6. Ethical Conduct:

The City shall:

- act honestly and with integrity, avoiding even the appearance of impropriety, in all of its procurement and related practices;
- maintain consistency in all processes and actions; and
- adhere to good ethical standards in all its procurement and related practices.

2.7. Gifts & Gratuities:

City employees shall not accept gifts, tips or rewards from suppliers/contractors which could place them in an obligatory circumstance with that supplier/contractor. Items of a nominal value, e.g. pen, fridge magnet are exempted from this principle.

2.8. Best Value Considerations:

The City shall:

- Where practical, consider overall total life-cycle cost (TLC) or total acquisition cost (TAC) when planning procurement of goods and services, as opposed to just the initial acquisition price alone. TLC or TAC analysis will consider costs such as operating, energy consumption, delivery, disposal, training, and other cost factors in addition to the initial acquisition price.
- Evaluate the relevance of both price and non-price factors as part of the procurement process. Non-price factors may include quality, service standards, delivery time, team expertise, past experience and other criteria relevant to determining best overall value.

2.9. Confidentiality & Disclosure of Information:

It is recognized that most of the transactions related to purchasing are of a confidential nature.

The City commits to the following in its procurement of goods and services:

- Information will be released in accordance with the City's obligations under FOIPPA;

- Any information made available to a potential supplier or contractor, which may influence a response to a procurement process, will be made available to all interested suppliers or contractors;
- Subject to the requirements of FOIPPA, information provided by a supplier/contractor during a procurement process will remain confidential.

2.10. Contractors/Suppliers Acting in Bad Faith:

The City will not conduct business with suppliers/contractors who do not act in good faith towards the City. This shall include suppliers/contractors that do not fulfill the terms of an agreement, or who enter into unjustified and/or frivolous litigation with the City. The City also reserves the right to refuse to do business with suppliers/contractors who the City deems unethical either by engaging in deceitful business activities or unfair business practices. These instances must be brought to Council's attention and dealt with on a case by case basis.

2.11. Environmental & Sustainable Purchasing:

Where practical, the City shall consider goods and services which are environmentally friendly and cause less harm to the environment, particularly when quality and total cost is equal to or better than less environmentally sustainable goods and services.

3. SCOPE

This policy applies to all City staff, City councillors and any third-party consultants hired by the City, that are involved in the procurement of goods and services for use by the City.

This policy governs the procurement of all goods and services (including construction) purchased by the City, except for the following:

- General Expenses: City payroll and refundable employee expenses, grants, tax remittances, co-sponsored programs, customer refunds, payments to other government or public bodies (Protective Services/RCMP, library, transit); and
- Land acquisitions or real estate transactions and fees.

4. DEFINITIONS

Definitions used in this policy shall have the meanings as follows:

- **'City'** means the City of West Kelowna.
- **'Conflict of Interest'** means, in relation to a procurement process; the supplier/contractor has an unfair advantage or engages in conduct, directly or indirectly, by way of:
 - Having access to confidential information of the City which is not available to other suppliers/contractors.
 - Communicating with City employees or councillors with a view to influencing the competitive process.
 - Engaging in conduct that compromises, or could be seen to compromise, the integrity of the procurement process.

- Has other commitments, relationships or financial interests which could be perceived to:
 - Exercise improper influence over the objectivity, independence and impartiality of the procurement process, or
 - Compromise, impair or be incompatible with the effective performance of the intended contractual obligations.
- **'Direct Award'** means a good or service is procured direct from one supplier/contractor with no competitive process. This is sometimes also referred to as a 'sole source'.
- **'FOIPPA'** means British Columbia's Freedom of Information and Protection of Privacy Act.
- **'Public Competition'** means a procurement process whereby any interested suppliers or contractors may submit a proposal or tender, typically to a publicly advertised Invitation to Tender, Request for Proposal, or Pre-Qualification Process.
- **'Limited Tendering'** means a procurement process whereby the City invites the supplier(s)/ contractor(s) of its choice.

5. PURCHASING AUTHORITIES & PROCESSES

5.1. ROLE OF COUNCIL:

City council authorizes City staff to commit to contracts for the procurement of goods and services in accordance with the delegations and thresholds set-out in 5.2, provided that:

5.1.1. The purchase commitment is within the annual City budget that has been approved by Council (budget compliance to be verified by the CAO); and is within budget;

5.1.2. The procurement has been conducted in accordance with this policy; and

5.1.3. One of the following applies:

- a) For a contract where a 'lowest-price-wins' based Request for Quote or Invitation to Tender process has been conducted, **and** more than one **Tender (not quotation)** was received, **and** the contract is being executed with the lowest-priced bidder meeting the requirements/specifications; or
- b) For a contract where- a 'best-value' based procurement process has been conducted, **and** the contract is being executed with the highest-scoring proponent according to the rules of that process; or
- c) For a contract where the process requirements under sections 5.3 or 5.4 of this policy do not require 'Formal Quotes', 'Limited Tendering', or a 'Public Competition' but all other requirements of these policy sections have been complied with.

Any purchasing commitment that does not meet the requirements of this 5.1 must be approved by City Council, prior to any contract being executed.

5.2. DELEGATED PURCHASING AUTHORITY:

Provided the requirements of 5.1 are complied with, the following positions are authorized to commit the City to a contract/purchase, either by signing a contract document, issuing a Purchase Order (PO), or using a Purchasing Card, in accordance with the following authority limits:

Staff Position	Authority to Commit Up To:
Council	Unlimited
CAO or Deputy CAO	Unlimited
CFO	\$100,000
General Managers / Fire Chief / IS Manager	\$75,000
Managers / Assistant Fire Chiefs	\$25,000
Supervisors	\$10,000
All Other City Staff	\$3,000 (as authorized by their Supervisor or Manager)

Notes:

- “Authority to Commit” shall include the total value of all commitments made in the contract, including any future years or options committed to (if applicable). Values shall exclude GST/PST.
- Staff may delegate the above authorities to an individual that is temporarily performing their role in an acting capacity.
- The above authorities are for the commitment to contract only, and do not apply to approval of invoice payments. Limits and roles for the approval of invoice payments may be different and will be determined in accordance with the Finance Department’s Invoice Approval Authority list.
- The City’s general practice shall be that the individual who signs the contract commitment will be different to the individual who signs and approves invoice payments for the same goods/service.

5.3. PURCHASING THRESHOLDS & PROCESS REQUIREMENTS:

The City shall give potential suppliers and contractor's fair opportunity to supply goods and services to the City, by conducting competitive processes in accordance with the thresholds set-out below:

Definitions:

AHE = Annual Hired Equipment
 CCDC = Canadian Construction Documents Committee
 Informal Quote = may be verbal, written, electronic
 ITT = Invitation to Tender
 MMCD = Master Municipal Construction Documents

NWPTA = New West Partnership Trade Agreement.
 PO = Purchase Order
 PTL = Prequalified Trades List
 RFQ= Request for Quotation
 RFP = Request for Proposals
 SPO = Standing Purchase Order
 Pre-Qual = Pre-Qualification Process

PROCUREMENT VALUE *	GOODS PROCESS	SERVICES PROCESS
<p>\$0 - \$3000 Nominal Purchases</p>	<p><u>Direct Award:</u></p> <ul style="list-style-type: none"> • Use City Purchase Card (Credit Card) or SPO. • Obtain and return invoice for signature authorization. 	<p><u>Direct Award:</u></p> <ul style="list-style-type: none"> • Use SPO or hire from pre-qualified AHE or PTL**. • Obtain and return invoice for signature authorization.
<p>\$3001 - \$10,000</p>	<p><u>Informal Quotes Required:</u></p> <ul style="list-style-type: none"> • Request 2 or more informal competitive quotes. • Execute against SPO or issue PO through Purchasing Department. 	<p><u>Informal Quotes Required:</u></p> <ul style="list-style-type: none"> • Request 2 or more informal competitive quotes or hire from pre-qualified lists (AHE & PTL**, or SPO). For other professional services request informal quote. <p>Exception: Multi-year agreements require solicitation issued by Purchasing Department.</p>
<p>\$10,001 - \$75,000</p>	<p><u>Formal Quotes / Bids Required:</u></p> <ul style="list-style-type: none"> • Request 3 or more written quotations. • PO (or SPO) issued by Purchasing Department. 	<p><u>Formal Quotes / Bids Required:</u></p> <ul style="list-style-type: none"> • Request 3 or more written quotes/proposals (RFQ, RFP, ITT). • PO (or SPO)issued by Purchasing Department and/or written agreement. Note: when hiring Professional Consultants see 5.4 Exceptions

<p>Above \$75,000 NWPTA</p>	<p><u>Public Competition:</u></p> <ul style="list-style-type: none"> • Request bids through open public competition (such as RFP, RFQ ITT, or Pre-Qual). • PO issued by Purchasing Department. 	<p><u>Public Competition:</u></p> <ul style="list-style-type: none"> • Request bids through open public competition (such as RFP, RFQ ITT or Pre-Qual). • PO issued by Purchasing Department and/or written agreement.
<p>Construction Above \$200,000 NWPTA</p>	<p><u>Public Competition:</u></p> <ul style="list-style-type: none"> • Request bids through open public competition (RFP, ITT, or Pre-Qual) and written agreement (such as MMCD, CCDC or other Contract) and/or Purchase Order <p>Note: Construction \$75,000 to \$200,000 may use Limited Tendering (select vendors).</p>	<p>Not applicable.</p>

* City staff shall base the value of the procurement on reasonable estimates, considering all future years and options that the City will potentially commit to, as applicable. Procurements shall not be split or separated into parts with the intention of avoiding process requirements.

** When City staff are hiring from the AHE or PTL, they must rotate selection of contractors as practical.

5.4. EXCEPTIONS TO PURCHASING PROCESS REQUIREMENTS:

While still covered by this policy, the following procurements are exempt from the threshold and process requirements detailed in section 5.3 and can be contracted through Direct Award or Limited Tendering at the discretion of the individual that holds authority to commit (as detailed in section 5.2):

<p>5.4.1</p>	<p>An extension to the term of an existing ongoing contract, provided; a) the contract was originally executed in compliance with this Purchasing Policy; and b) the contract contains an express provision for such an extension. Exercise of contract extensions will be at the City’s sole discretion and based on factors including performance and acceptability of new pricing.</p>
<p>5.4.2</p>	<p>Professional Consulting Services (e.g. business consulting, or professional engineers) where the total commitment is less than \$75,000. Note: Direct Award of Consulting Services must be due to one of the following reasons:</p> <ul style="list-style-type: none"> 5.4.1.1. Time is of the essence and the Consultant has knowledge or skills which are needed quickly; 5.4.1.2. The Consultant has a specialized skill or knowledge which others do not have;

	5.4.1.3. The Consultant has been previously engaged by the City at an earlier stage of the same project, and therefore will require less start-up time or cost to work a new stage in the project.
5.4.3	Insurance Services
5.4.4	Legal or notary services.
5.4.5	Goods or services for promotional reasons (e.g. promotion of tourism or civic business).
5.4.6	Health services and social services.
5.4.7	From philanthropic institutions, prison labour or persons with disabilities.
5.4.8	From non-profit organizations or public bodies.
5.4.9	Where an unforeseeable situation of emergency or urgency exists, and the goods or services cannot be procured in-time using the required process. a) Note: any use of this exception requires prior approval by the CAO when the commitment value is to exceed \$75,000. b) The CAO, or delegate, shall have authority to waive the Purchasing Policy where public safety, property and/or infrastructure are at risk.
5.4.10	Where it can be demonstrated that only one supplier is able to meet the requirements of a procurement (e.g. need for proprietary and or existing software modules, or parts and or maintenance for specialty equipment).
5.4.11	In the absence of receipt of any bids which meet the requirements of a public RFP or Tender process.
5.4.12	Established water and waste water treatment chemicals and supplies.
5.4.13	The Westside Warriors Hockey Agreement
5.4.14	Magazines, subscriptions, periodicals
5.4.15	Petty Cash
5.4.16	Training, education, workshops, seminars, and dues.
5.4.17	Utilities (postage, government charges, hydro, gas, telephone)

5.5. CONFLICT OF INTEREST WITH SUPPLIERS/CONTRACTORS:

In accordance with the City's general principles on ethical conduct in procurement, the following shall apply to all procurement processes:

- 5.5.1. City employees shall exercise caution when there is a possibility or perception of conflict of interest with a contractor/supplier, or potential contractor/supplier;
- 5.5.2. City employees involved in a procurement process, either directly or indirectly, must notify their direct supervisor of any potential conflict of interest with a contractor or supplier;
- 5.5.3. No City employee or councillor, involved directly or indirectly in a procurement process or management of a contract, will have an interest or receive any personal benefit in any contract placed by the City for goods or services, unless it is disclosed and approved in writing by the CAO; and
- 5.5.4. If a City employee or councillor has a potential conflict of interest as outlined in sections 5.5.2 and 5.5.3, the general guideline for the procurement process shall be as follows:
 - a) Measures shall be taken to ensure that the employee or councillor with the conflict does not have any influence whatsoever over the procurement process and/or contract decision; and
 - b) No Direct Award will occur to any supplier or contractor involved in a conflict of interest, regardless of the value. Suppliers or contractors to which a City employee or councillor has a conflict of interest will only receive a contract for goods or services if they are selected based on a transparent evaluation from a competitive procurement process.

6. DISPOSAL OF SURPLUS EQUIPMENT, MATERIALS, OR GOODS

Surplus assets or equipment which the City no longer needs shall be consigned to the Purchasing Department by the owning Manager or Supervisor, and then disposed of through one of the following methods, as approved and/or as delegated by the Purchasing Manager:

- Re-use by other City departments;
- Direct Scrap – arrange for disposal at the nearest landfill or appropriate recycling facility for items deemed of no value;
- Auction sales including electronic auctions such as BC Shared Services;
- Sale by Bid Process, where competitive bids are sought through a publicly advertised process and the sale occurs to the highest bidder; and
- Trade-ins: where the surplus equipment is included in a competitive process for the procurement of new equipment, as part of a trade-in arrangement.

The disposal of vehicles and high-value equipment shall adhere to the Vehicle and Equipment Acquisition, Replacement and Disposal Policy.

Direct sales of surplus equipment, materials or goods to City employees or their direct family members is not permitted.

7. REFERENCES & LINKS

- North West Partnership Trade Agreement (NWPTA): <http://www.newwestpartnershiptrade.ca/>
- Canadian Free Trade Agreement (CFTA): <https://www.cfta-alec.ca/>
- Comprehensive Economic and Trade Agreement (CETA): <http://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/index.aspx?lang=eng>