



CITY OF PRINCE RUPERT CORPORATE POLICIES

POLICY NAME	Purchasing Policy	POLICY NO.	GOV-25-2023
EFFECTIVE DATE	28/03/22	REVISION DATE (Acceptance Date)	24-Jun-2024
APPROVED BY:	<input checked="" type="checkbox"/> COUNCIL <input type="checkbox"/> CITY M ANAGER		

SECTION 1 – INTRODUCTION:

- 1.1 This Purchasing Policy and Procedure ("**Policy**") is intended for use in the City's purchase of all goods and services.
- 1.2 City employees involved in the purchasing process should familiarize themselves with, and adhere to, this Policy.

SECTION 2 – OBJECTIVES:

- 2.1 The primary objectives of this Policy are to ensure that the City obtains the best value expenditure while ensuring that all purchases and procurement processes are characterized by a high level of integrity and that the procurement process is open, transparent and fair. The City is committed to developing and maintaining a procurement culture that encourages procurement activities to deliver best value procurement to the community and support sustainable procurement objectives. Criteria will be specific to the nature and scale of the procurement and where applicable, clearly state in the procurement documents to include sustainable procurement along with price and performance.
- 2.2 The Policy is intended to support the development and diversification of the supply chain in a way that makes positive contributions to the local economy while ensuring transparency and non-discriminatory practices for competitive purchasing to ensure that all qualified vendors are given the opportunity to compete for the City's purchases of goods and services.
- 2.3 The Policy outlines methods and procedures in administering competitive procurement processes and the authorization thresholds and requirements for awarding contracts.

SECTION 3 – SCOPE:

- 3.1 This Policy applies to all procurement of goods and services, construction and consulting/professional services made by or on behalf of the City, unless a purchase is otherwise authorized on an exception basis by City Council or the City Manager.

SECTION 4 - GENERAL:

- 4.1 Under authority delegated by Council to the City Manager, Department Heads and the Chief Financial Officer, the City Manager, Department Heads, Corporate and Chief Financial Officers are authorized to commit the City to service agreements, purchase orders, licenses, contracts, leases and other legally enforceable agreements, in accordance with this Policy.
- 4.2 The City Manager, Chief Financial and Corporate Officers, and Department Heads may assign specific purchasing authority to authorized employees, provided that functional authority over such employees is retained with respect to the specific purchasing authority assigned under this Policy.
- 4.3 Definitions for terms used within this policy are attached in Appendix A

SECTION 5 – POLICY:

5.1 OVERVIEW

- 5.1.1 The procedure used to select vendors for the delivery of goods and services, construction or provision of consulting/professional services can vary depending on a variety of factors such as: the type, quantity or value of the goods or services; the frequency or duration that such goods or services are required; the availability or competitiveness in the market place; and, the urgency with which such goods or services are required.
- 5.1.2 The competitive procurement thresholds outlined below reflect the City's commitment and effective stewardship of funds as well as compliance to applicable legislation and regulations such as the United States-Mexico-Canada Agreement (USMCA) and the New West Partnership Trade Agreement (NWPTA).

5.2 PROCEDURE

- 5.2.1 The City does not have a central purchasing department. As such, each City department is responsible for carrying out its purchasing in compliance with the Policy.
- 5.2.2 Purchases are generally commenced with a properly completed and authorized purchase requisition form (Purchase Order), or other similar form of documentation approved by the City, and must be in place prior to any commitment being made for the purchase of goods and services.
- 5.2.3 Approval Authority is outlined in Appendix B. Approvals of purchase requisition forms must relate only to the authorizing personnel's own area of responsibility within the City's departmental structure or to carrying out a work assignment or project from another department. The CFO and the City Manager have general authority to approve purchases across departments.

- 5.2.4 Where possible, the City encourages purchases being made on a consolidated basis, by combining all like purchases across departments, to achieve economic value.
- 5.2.5 The City may participate in co-operative purchasing initiatives with other government or broader public sector entities where it is in the best interests of the City to do so. The co-operative purchasing process may be conducted in accordance with the procurement policies and procedures of the entity that is responsible for coordinating and leading the process, provided that those policies and procedures are consistent with the City's obligations under applicable trade agreements and the City's procurement objectives set out in this policy.
- 5.2.6 Exceptions to the policy include:
 - a. Certain purchases as outlined in Appendix C. Authority limits still apply.
 - b. The use of Purchasing Cards is permitted for the ordering of goods and services which are in line with the authorized purchasing card limits.
 - c. All exemptions, exclusions, or exceptions that exist in applicable Trade Agreements.

5.3 PROCUREMENT METHODS:

Estimated Cost Transaction	Method
Goods and Services	
Up to \$7,500	Direct Award
\$7,500 to \$25,000	Informal Quote Process
\$25,000 to \$75,000	Formal Quotation Process
Greater than \$75,000	Formal Competitive Process
Construction	
Up to \$200,000	Formal Quotation Process
Greater than \$200,000	Formal Competitive Process

5.3.1 Direct Award

Purchases with a value of less than \$7,500 for one-time procurement. Staff are responsible for ensuring reasonable fair market value. All information relating to procurement under this method must be documented and maintained on file. Purchases may only be made by authorized employees. Authorized employees must have a supervisor co-sign receipts under \$1,000.

5.3.2 Informal Quote Process

At minimum three quotes are solicited through an informal communication process including email or phone. Documentation is required and must include time, date, nature of service and/or goods solicited, as well as any additional criteria considered. Authorized staff are responsible for ensuring reasonable fair market value. Preference generally is to be given to local suppliers where appropriate on the basis of overall value to the City. Written quotes are preferred, verbal quotes are acceptable where necessary

5.3.3 Formal Quotation Process

Written proposals/quotes are solicited to select a supplier that offers the best value to the City. Staff must include

- a. Specifications for goods and services required;
- b. Required delivery date;
- c. Where applicable, additional criteria being considered
- d. Date and time for closing of receiving quotes and contact info quotes are to be submitted to at the City.

Quotes must be received in writing either through mail or digitally to designated email account. The supplier that offers the best value to the City, may be selected provided that the following conditions are satisfied:

- a. purchase price is within the approved budget amount; and
- b. supplier is the lowest priced or highest ranked compliant vendor, as the case may be.

Authorized staff may determine that it is appropriate to use a formal competitive process rather than the formal quotation process even though the value is less than the transaction threshold noted for Goods and Services and Construction in this section.

5.3.4 Formal Competitive Process

A formal competitive procurement process for goods and services valued at over \$75,000 and construction valued at over \$200,000 must be advertised in a nationally accessible web-based service providing access to public sector business opportunities, such as BC Bid. Such purchases must be approved by a Director and one of either the CFO or City Manager (or their appointed Deputy), provided however that the following conditions are satisfied:

- a. goods or services are included in the approved annual budget;
- b. purchase price is within the approved budget amount; and
- c. supplier is the lowest priced or highest ranked compliant vendor, as the case may be.

The following competitive processes may be used:

Invitation to Tender (ITT): used to solicit bid submissions from suppliers for the provision of construction services where the specifications, terms, conditions and other details are set out in the invitation and the responsive bids are evaluated against criteria outlined in the ITT.

Request for Expression of Interest (RFEOI): used to survey the market for suppliers interested in responding to a tender or RFP where the City is interested in receiving information from suppliers on any products or services available to achieve a particular outcome and may issue an RFQ, RFP or ITT depending on the response.

Request for Proposals (RFP): issued based on a generalized scope of requirement. Proposals are evaluated on predetermined evaluation criteria where the selection of a supplier may not be made solely on the basis of lowest price.

Request for Quotations (RFQ): issued to request prices for goods or services from suppliers. The primary focus of an RFQ is price and the contract award is typically awarded to the lowest price.

Request for Qualifications (RFQ): used as a non-binding request to potential suppliers who wish to be considered for future RFPs or other competitive purchasing processes to pre-qualify based on various factors including but not limited to expertise, experience, availability, and prior performance in order to avoid devoting resources to preparing and evaluating future RFPs or competitive processes.

5.3.5 Council Approval

Notwithstanding sections 5.3.3 and 5.3.4, Council approval is required where:

- a. purchase price is over \$500,000;
- b. purchase price is not within the approved budget amount;
- c. supplier is not the lowest priced or highest ranked compliant vendor; or
- d. with respect to construction, the City intends to award work under a Master Services Agreement*

Council approval must be given at a meeting open to the public, except otherwise permitted by legislation.

5.3.6 Reporting to Council

All approved purchases over \$100,000 will be reported to Council on a regular basis in conjunction with regular financial reporting to Council. This reporting requirement includes the reporting of individual projects awarded under a Master Services Agreement*

*See Appendix D - Approval and Reporting Requirements with MSAs Flow Chart.

5.4 SOLE SOURCE PURCHASES

- 5.4.1 Notwithstanding the process and approval requirements under section 5.3, a purchase may be sole sourced where the opportunity to obtain quotes or solicit competitive bids does not exist or is not justified in the circumstances. Sole source purchases must be accompanied by a sole source justification form (Appendix E).

A sole source purchase may be considered in the following circumstances:

- a. where there is an absence of competition for technical reasons and the goods and services can be supplied only by a particular services provider and no reasonable alternative or substitute exists;
- b. where only one service provider has the unique qualifications or skills needed for the work;
- c. The project is a “follow-up” assignment that is most appropriately done by the original contractor;
- d. where the time frame for delivery is urgent and cannot be exceeded to allow the time needed for competitive procurement;
- e. where an unforeseeable situation of urgency exists and the goods, services or construction cannot be obtained in time by means of competitive procurement methods;
- f. where the project is highly sensitive or confidential and broadcasting it via open competition is not appropriate;
- g. where the planned expenditure is small and the savings of competitive contracting would not justify the increased costs involved with more competitive procurement methods;
- h. where the work is a continuation or follow-up assignment most appropriately done

- by the original service provider;
- i. for work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work;
- j. where there has not been a receipt of any submissions in response to a competitive procurement process made by the City;
- k. to ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer (or representative) of the product;
- l. where procurement objectives can be met by purchasing from an auction or liquidation firm; or
- m. procurement of real property interests, whether by means of purchase, lease or otherwise.

5.4.2 EMERGENCY PURCHASES

Emergency purchasing results when an unforeseeable situation of urgency exists (outside a state of local emergency) and the goods, services or construction cannot be obtained in time by means of open procurement procedures and includes, without limitation:

- a. A condition where lack of supplies or services may adversely affect the functioning of local government, threaten public or private property or the environment, or jeopardize the health or safety of the public;
 - b. Interim contract arrangements following the expiration of, or breach of a contract.
- Emergency purchases are completed using the most expedient method, but shall take economy into consideration where possible. Expenditure limits for emergency purchases shall fall within the City's approved financial plan and all must be authorized by the City Manager or designate in their absence. Expenditures in excess of the approved financial plan must receive Council's retroactive approval.

In the event the City opens an EOC, the City Manager authorizes the EOC Director and/or the Fire Chief (including designate) to make emergency purchases without the prior approval of the City Manager. Every effort will be made to notify the City Manager of emergency expenditures on a continuous basis while the EOC is in operation.

5.5 SERVICE CONTRACTS, RENTALS, LEASES

- 5.5.1 All service contracts (other than consulting/professional or construction services), rentals, licenses or leases should be contracted for no longer than an annual term with the provision for extension to a maximum 4-year term upon acceptable terms and financial arrangements.
- 5.5.2 Contracts exceeding a 1-year term must receive approval from the City Manager, CFO, or Corporate Officer before a legal commitment is made with the vendor.
- 5.5.3 The authorization thresholds outlined in Appendix B apply to all service contracts, rentals, licenses and leases.

5.6 PURCHASE ORDERS

- 5.6.1 Purchase Orders (POs) are to be used wherever appropriate to document approval for a purchase, in accordance with the approval thresholds outlined in Appendix B, and to

communicate the authorization for the purchase to the vendor. Minor POs are to be used for purchases up to the direct award limit, Major POs are to be used for all purchases over the direct award limit.

5.6.2 Notwithstanding section 5.6.1, but subject to all applicable approval requirements under this Policy, a Purchase Order is not required to document the purchase of the following goods and services:

- a. recurring monthly utility charges such as postage, telephone, gas, hydro, telecommunications, etc.;
- b. recurring annual charges such as subscriptions, association and membership dues, payment to other governmental authorities and investments;
- c. refundable employee expenses such as travel expenses, meals, parking, hotel, airline charges and mileage allowances;
- d. general expenses such as payroll remittances, tax remittances, grants, payments made to partners of co-sponsored programs;
- e. land acquisitions; and
- f. professional consulting services, legal services, insurance, banking, financial or audit services.

5.7 GUIDANCE

Declaration of Interests

5.7.1 Any personal interests which may impinge or might reasonably be deemed by others to impinge on a member's impartiality in a matter relevant to their duties should be declared to their Manager. Where a declared interest exists, the Manager will in all cases reassign the duties to another staff member.

The City has a "no-tolerance" policy to circumstances that produce, or reasonably appear to produce, a conflict between the personal interests of a City employee and the interests of the City.

Solicitation, Acceptance or Offering of Gifts or Donations

5.7.2 Employees shall not solicit, or accept unsolicited donations of gifts, prizes or money from any person, firm or corporation which is interested directly or indirectly in any manner in business dealings with the City of Prince Rupert.

Nominal gifts received (eg: chocolates or small gift baskets) may be shared by the individual with their department.

The City may, at its discretion, take disciplinary action, including dismissal, against a City employee who solicits or accepts any financial benefits prohibited under section.

5.8 VENDOR RELATIONS

5.8.1 The City encourages Department Heads to promote a purchasing program of fairness and friendship with all vendors. To this end, Department Heads and other authorized employees should receive vendor representatives as promptly and courteously as time allows, provided however that:

- a. no City employee is required to place his/her time at the disposal or discretion of a vendor's representative;
- b. during negotiations with a would-be vendor, prices received from one supplier must

- not be shared with other suppliers; and
- c. an unsuccessful participant of a competitive procurement process that has requested feedback from the City should be provided minimal debriefing as to the disposition of its submission.

SECTION 6 – SUSTAINABLE PROCUREMENT PRACTICES

- 6.1 In an effort to leverage procurement dollars to benefit the community and society; the City may include the consideration of sustainability in Best Value Procurements.

Sustainability may include attention to environmental, ethical and corporate social responsibility as well as social value.

Sustainability considerations will be balanced against best value requirements for each individual procurement. The weighting toward sustainability in each procurement may be based on the marketplace, Scope of Work and/or level of risk inherent with the procurement.

When evaluating sustainability factors, City staff may look to third party verification and certifications when awarding points and may also look to utilize reference checks to verify the content of a submission.

6.2 **Environmental Responsibility**

When evaluating environmental responsibility in City procurements, points may be awarded where proponents:

- Minimize environmental harm, including end of life impacts.
- Maximize resource efficiency (e.g. reduce energy and water consumption and minimize waste).
- Minimize carbon emissions.

6.3 **Ethical Responsibility**

When evaluating ethical responsibility, points may be awarded where proponents:

- Maximize fair trade opportunities
- Ensure sound working conditions throughout the supply chain that meet or exceed provincial, national or international employment standards.

6.4 **Social Value**

When considering social value, points may be awarded where proponents:

- Maximize contracting or sub-contracting opportunities for indigenous businesses.
- Maximize employment opportunities for indigenous populations.
- Commit to paying a Living Wage to all staff directly employed by the proponent.
- Maximize employment, training and apprenticeship opportunities among local, disadvantaged, equity-seeking or marginalized individuals and populations.
- Maximize the diversification of the supply chain by including non-profit organizations, social enterprises and small-medium enterprises.
- Contribute to the strengthening of the community by supporting the social goals and objectives of the City.
- Include any corporate social responsibility initiatives undertaken by the organization that contribute to social wellbeing.

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Certified Correct:

APPENDIX A – DEFINITIONS

“Award” – refers to the business decision to enter into a contract for goods, services, and construction.

“BC Bid” – The British Columbia government electronic sourcing mechanism in which procurement opportunities for goods and services are listed in accordance, as may be required, with the NWPTA and other legislated requirements.

“Best Value Procurement” means a procurement that considers factors other than only price.

“Co-operative Purchasing” means a variety of arrangements whereby two or more public procurement entities combine their requirements in a single procurement process to obtain advantages of volume purchases from the same supplier(s) or contractor(s).

“City Manager” means the Chief Administrative Officer of the City or, in the absence of the Chief Administrative Officer, their designate.

“CFO” means the Chief Financial Officer of the City or, in the absence of the Chief Financial Officer, their designate.

“City” means the City of Prince Rupert.

“Department” – refers to the user department requisitioning goods, service, and construction.

“Department Director” – refers to the senior management positions responsible for duties of their respective departments.

“Department Manager” – for the purposes of this policy refers to the management positions at the operational level.

“Emergency” – means a sudden, unexpected, urgent event or impending situation that may affect the health, safety, life, environment, property or the welfare of the public or cause delays, liabilities, damage and/or interference with the normal activities of the City and which, therefore, requires immediate attention and remedial action.

“Financial Plan” means City approved budget and five year financial plan adopted by the City each year.

“Living Wage” means the living wage identified for Prince Rupert by the www.livingwageforfamilies.ca website.

“NWPTA” means the New West Partnership Trade Agreement between the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and any of its successors.

“Purchase Order” – a formal document utilized to identify procurement transactions.

“Scope of Work” means a description of work or services that is to be performed by a vendor.

“Surplus” – refers to municipally owned furniture, supplies, vehicles and equipment (assets) with remaining useful life, which does not meet the City’s current or foreseeable future need and is not considered waste.



APPENDIX B – APPROVAL AUTHORITIES

The authority for expenditures is the City's current year Financial Plan as adopted or amended by Council.

The following personnel are authorized to execute procurement commitments (exclusive of refundable taxes) up to the value limits as identified in the following table:

Purchasing Approval Authority

Position	Threshold
Director and City Manager or CFO	\$100,000
Department Director	\$75,000
Department Manager	\$50,000
Supervisor/Executive Assistant	\$7,500

- (1) Above provides authority for approval. Staff must also follow the required procurement methods as prescribed in Section 5.3.
- (2) Upon Council resolution to award a contract, the Mayor, City Manager, or Officers shall sign on behalf of Council for contracts greater than \$100,000.
- (3) In the case where either the City Manager or CFO have provided secondary approval, written notification to the other must be provided.
- (4) Notification of Emergency purchases must be provided to the CFO.



APPENDIX C – LIST OF EXCEPTIONS

1. Corporate General Expenses:
 - Payroll, benefits premiums, payroll associated remittances
 - Debt Payments
 - Tax Remittances
 - Real Property-including land, building, leasehold interest, easements, encroachments, and rights-of-way
 - Ongoing Licenses (vehicles, software, etc.)
 - Grants to Agencies
 - Charges to or from other government or Crown corporations
 - Bank Charges and Underwriting Services where covered by agreements
 - Development charges, cash in lieu refunds
 - Building/development permit refunds and deposit returns
 - Property Tax Refunds
 - Recruitment Services
 - Payment of Damages
 - Water and Sewage Charges
 - Hydro and Gas
 - Telephone and Internet
 - Postage and Courier Services

2. Professional and Special Services:
 - Arbitrators, Mediators, Investigators
 - Legal Counsel as authorized by the City Manager, Officers or Department Director
 - Consultants or contractors hired to complete project deficiencies

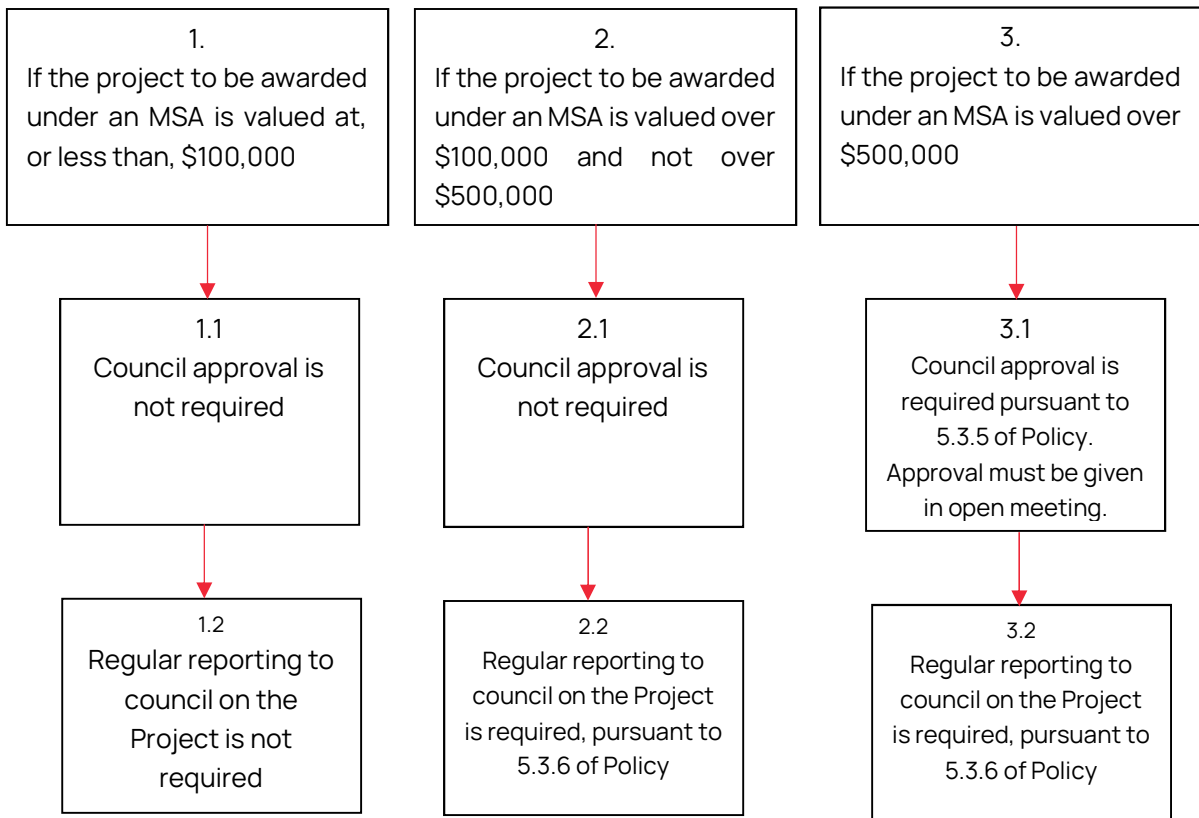
3. Training and Education:
 - Conferences, Conventions and Tradeshow
 - Newspapers, Magazines and Periodicals
 - Memberships
 - Seminars and Workshops

4. Refundable Employee/Other Expenses
 - Advances – Meal Allowances
 - Course and Travel Expenses
 - Entertainment – Hotel Accommodation
 - Miscellaneous Non-Travel – Refunds: tax recreation, permits

APPENDIX D

APPROVAL AND REPORTING REQUIREMENTS WITH MASTER SERVICE AGREEMENTS

NOTE: This Flowchart assumes that the City has already conducted a procurement process and entered into a Master Services Agreement with Council approval in a Council Meeting open to the public. ^[1]



[1] If the MSA was not approved by Council at an open meeting, then additional approvals may be required for projects.



APPENDIX E – SOLE SOURCE JUSTIFICATION FORM

To meet the City's Procurement Policy requirements, the requester must complete this form as documentation to forgo the normal competitive bid process and direct award to a supplier.

Date: _____

Submitted by: _____

Title: _____

Proposed Supplier: _____

Description of Goods or Services:

Indicate which eligible sole source circumstance(s) the direct award qualifies (a through m of Section 5.4.1 of the Purchasing Policy). Attach supporting evidence for all circumstances noted.