



CITY OF PRINCE RUPERT CORPORATE POLICIES

POLICY NAME	Purchasing Policy	POLICY NO.	170-04	
EFFECTIVE DATE	28-Mar-22	REVISION DATE		
DEPARTMENT	Finance	NOTIFY UNION		
APPLIES TO				
<input checked="" type="checkbox"/> STAFF	<input checked="" type="checkbox"/> MANAGEMENT	<input type="checkbox"/> VISITORS	<input type="checkbox"/> CONTRACTORS	<input type="checkbox"/> COUNCIL

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 for its 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.
- 2.2 The Policy is intended to support 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 when competitive procurement processes should be used and the authorization 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.
- 3.2 This Policy does not apply to staff purchases of home computer systems under any applicable City policy intended for such purpose.

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 and the Chief Financial Officer 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 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.

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 Canadian Free Trade Agreement (CFTA) 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 purchase requisition form, or other similar form of documentation approved by the City.

- 5.2.3 Except as permitted by the Policy, an authorized purchase requisition ("**Purchase Order**") must be in place prior to any commitment being made for the purchase of goods and services.
- 5.2.4 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.
- 5.2.5 Where possible, the City encourages purchases being made on a consolidated basis, by combining all like purchases across departments, to achieve economic value.

5.3 PROCUREMENT PROCESSES AND APPROVALS:

5.3.1 Purchases Less than \$5,000

Purchases valued at less than \$5,000 may be made, with approval, by selecting the best valued supplier using any reasonable procurement process at the purchaser's discretion. Such purchases may only be made by authorized employees or approved by the Department Head, CFO or City Manager. Purchase requests in this category must be submitted for approval with a purchase order for all purchases valued at more than \$1,000. Authorized employees must have a supervisor co-sign receipts under \$1000. Reimbursement requests for pre-approved purchases must be submitted with supporting receipts.

5.3.2 Purchases Between \$5,000 and \$25,000

Purchases valued between \$5,000 and \$25,000 may be made, with approval, by soliciting a minimum of 3 quotes (either written or verbal), with preference generally given to local suppliers where appropriate on the basis of overall value to the City. Such purchases may only be made by a supervisor (with a manager's co-sign) or approved by the Department Head, CFO or City Manager. Purchase requests in this category must be submitted with a minimum of three (3) quotes evidenced in writing.

5.3.3 Purchases Between \$25,000 and \$75,000

Purchases valued between \$25,000 and \$75,000 may be made, with approval, through a competitive procurement process (ITT, RFP, etc.) undertaken to select the supplier that offers the best value to the City. Such purchases must be approved by the CFO or City Manager, 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.

5.3.4 Purchases Over \$75,000

Purchases valued at over \$75,000 must be procured through a competitive procurement process (ITT, RFP, etc.) undertaken to select a supplier that offers the best value to the City. All purchases of 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 the CFO or City Manager, 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.

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 attached 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. 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. where the time frame for delivery is urgent and cannot be exceeded to allow the time needed for competitive bids;
 - d. where an unforeseeable situation of urgency exists and the goods, services or construction cannot be obtained in time by means of competitive procurement methods;
 - e. where the project is highly sensitive or confidential and broadcasting it via open competition is not appropriate;
 - f. where the planned expenditure is small and the savings of competitive contracting would not justify the increased costs involved with more competitive procurement methods;
 - g. where the work is a continuation or follow-up assignment most appropriately done by the original service provider;
 - h. where there has not been a receipt of any submissions in response to a competitive procurement process made by the City;
 - i. to ensure compatibility with existing products or to maintain specialized products that must be maintained by the manufacturer (or representative) of the product; or
 - j. procurement of real property interests, whether by means of purchase, lease or otherwise.

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 3-year term upon acceptable terms and financial arrangements.
- 5.5.2 Contracts exceeding a 1-year term must receive approval from the City Manager or CFO before a legal commitment is made with the vendor.
- 5.5.3 The authorization thresholds outlined in section 5.3 apply to all service contracts, rentals, licenses and leases.

5.6 PURCHASE ORDERS

- 5.6.1 Purchase Orders are to be used wherever appropriate to document approval for a purchase, in accordance with the approval thresholds outlined in this Policy, and to communicate the authorization for the purchase to the vendor.

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 GIFTS AND GRATUITIES

5.7.1 City employees are expressly prohibited from soliciting or accepting any rebate, money, entertainment, gifts or other gratuities (except for souvenirs, mementos, novelties, etc. of nominal value) from any person, company or organization to which any purchase, contract or other agreement is (or may be) awarded.

5.7.2 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 5.7.1.

5.7.3 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.

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 RECYCLED PRODUCTS

6.1.1 The City shall utilize recycled products in its operations to make a contribution towards an environmentally friendly process and increase the demand for recycled materials by:

- a. when price and quality are reasonable, purchasing recycled products;
- b. where recycled products are being used publicly, identifying the product(s) as such;
- c. evaluating the reasonableness of price between recycled products and non-recycled products based on a 5% price differential.

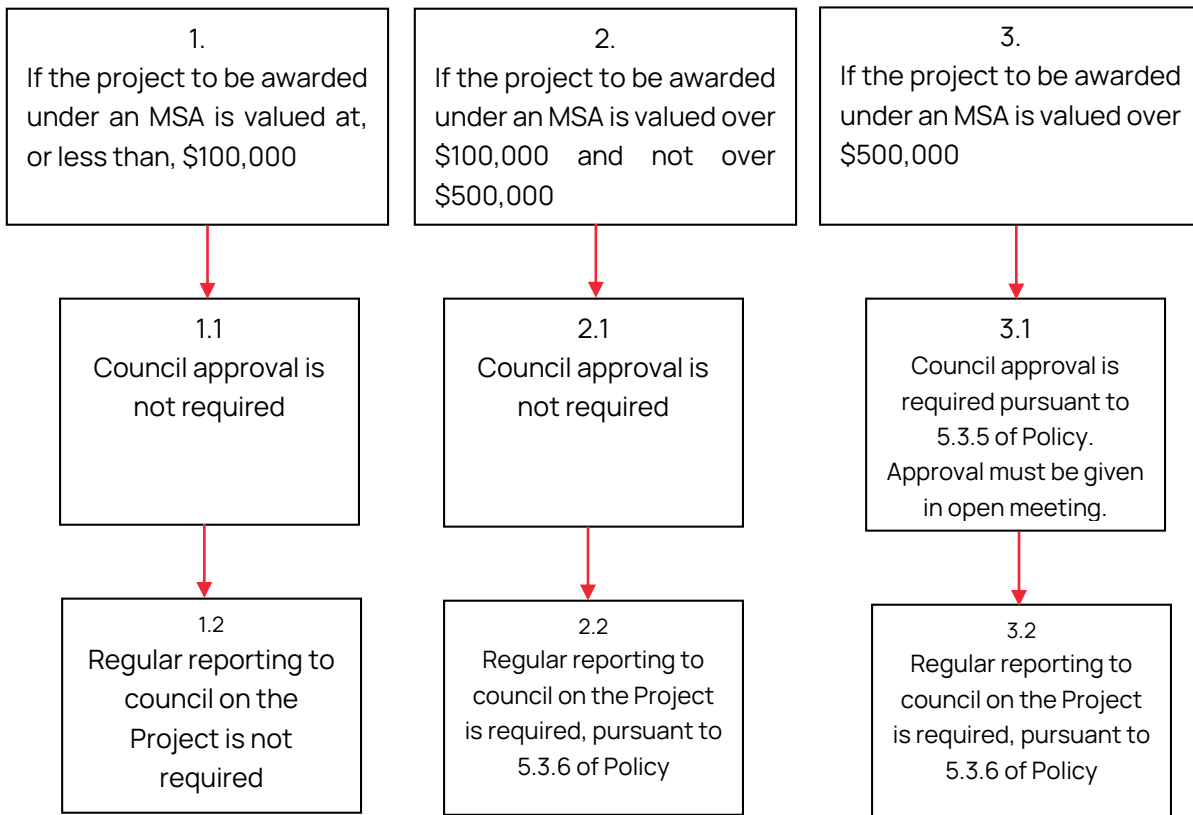
This policy supersedes Policy 170-03 and was approved by Council at their Regular Council Meeting on March 28, 2022.



Approval and Reporting Requirements with Master Services Agreements

City of Prince Rupert Purchasing Policy ^[1]

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. ^[2]



[1] Refers to City's Purchasing Policy 170-04 Approved on March 28, 2022.

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