

**REGIONAL DISTRICT OF OKANAGAN-SIMILKAMEEN BOARD
POLICY**

POLICY: Purchasing Policy

AUTHORITY: Board Resolution dated July 4, 2024

POLICY STATEMENT

The Regional District of Okanagan-Similkameen shall acquire goods and services and manage the disposal of surplus materials in an effective, efficient, economical, transparent, and environmentally responsive manner.

1.0 PURPOSE

- a) To establish the overall direction, philosophies, and values of the RDOS in the procurement of goods and services.
- b) To confirm the authorizations, approval limits and process that must be followed in the procurement of those goods and services: and
- c) To set the process that must be followed for the disposal of surplus equipment, materials and other goods.

2.0 DEFINITIONS

'Approvers' means staff who have approval limits but do not have authority to commit to purchases exceeding \$3500.

'Approval Limits' means the permission limit for which staff may engage a procurement process in order to select goods, services and vendors, as set out in the Purchasing Policy.

'Board' means the Board of Directors for the RDOS

'Buyers' means staff who have the responsibility to purchase goods and services on behalf of the District', as set out in the Purchasing Policy.

'CAO' means the Chief Administrative Officer for the RDOS.

'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 RDOS which is not available to other suppliers/contractors.
- Communicating with RDOS employees or Board Members 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.

'Limited Tendering' means a procurement process whereby the RDOS invites the supplier(s)/ contractor(s) of its choosing. .

'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.

'RDOS' means the Regional District of Okanagan Similkameen.

3.0 PURCHASING PRINCIPLES

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

3.1 Overall RDOS Conduct:

The RDOS 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.

3.2 Fair Competition:

The RDOS 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 RDOS taxpayers with the fair and equitable treatment of suppliers and contractors.

3.3 Legislation & Trade Agreement Requirements:

The RDOS'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).

3.4 Local Suppliers or Contractors:

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

3.5 Record Keeping:

The RDOS 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.

3.6 Ethical Conduct:

The RDOS 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.

3.7 Gifts & Gratuities:

RDOS 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.

3.8 Best Value Considerations:

The RDOS 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.

3.9 Confidentiality and Disclosure of Information

It is recognized that many of the transactions related to purchasing are of a confidential nature. The RDOS commits to the following in its procurement of goods and services:

- Information will be released in accordance with the RDOS'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.

3.10 Contractors/Suppliers Acting in Bad Faith

The RDOS will not conduct business with suppliers/contractors who do not act in good faith towards the RDOS. 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 RDOS. The RDOS also reserves the right to refuse to do business with suppliers/contractors who the RDOS deems unethical either by engaging in deceitful business activities or unfair business practices. These instances must be brought to Board's attention and dealt with on a case by case basis.

3.11 Environmental & Sustainable Purchasing

Where practical, the RDOS 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. Furthermore, criteria used for the purposes of evaluating vehicles and/or equipment, contained in the vehicle replacement policy, shall be incorporated into the tender documents issued for vehicles and equipment purchases.

4.0 APPLICATION:

This policy applies to all RDOS staff, RDOS Board Members, paid on call employees and any third-party's—such as consultants hired by the RDOS that are involved in the procurement of goods and services for use by the RDOS.

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

- General Expenses: RDOS 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.

5.0 PURCHASING AUTHORITIES & PROCESSES

5.1 Role of Board: (To Set and Approve the Annual Budget)

The RDOS Board grants RDOS staff the ability to approve and 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 RDOS budget that has been approved by the Board (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 Quotation 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-price bidder meeting the requirements/specifications; or
- b) For a contract where a 'best-value' based procurement process has (or will be) conducted, **and** the contract is being executed with the highest scoring proponent according to the rules of the 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 the RDOS Board, prior to any contract being executed.

5.1.4 Tenders /RFP's That Exceed the Budget

Where a Tender, RFP, or Quotation exceeds the budget, the following actions may be considered:

- a) Re-evaluate the scope of the project to determine if the scope can be reduced without reducing the objective of the project/service.
- b) Identify additional funding sources.
- c) Recommend rejection of bids.

5.2 Delegated Purchasing Approval and Authority

Provided the requirements of 5.1 are complied with, or will be complied with after a contemplated Tender process, the following positions in Table 1 are authorized to either approve or commit the RDOS to a contract/purchase, either by way of a signed contract, executed by Legislative Services and/or issuing a purchase order, through the Purchasing Department.

Purchasing Cards, SPOs, and other methods are permitted for all purchases below \$3,500, by employees with permission from their Managers.

Table 1

Staff Position	Approvers Approval Limit	Buyers Authority to Commit
Board	Unlimited	
CAO, Deputy CAO, and/or delegate	Unlimited	Unlimited (Purchase Order issued by Purchasing and/or contract executed by Leg. Services)
CFO	Up to \$500,000	
Procurement Manager & Delegate(s)	Up to \$250,000 (necessary to approve Purchase Orders)	Up to \$250,000 (with Department Manager's and/or CAO's approval)
Senior Managers / Fire Chiefs	Up to \$150,000	
Managers	Up to \$100,000	
Supervisors / Assistant Fire Chiefs	Up to \$50,000	
All RDOS Staff		Up to \$3,500 (as approved by their Manager/Supervisor)

Notes:

- “Approval limit” and “Authority to commit” shall include the total value of all commitments made in the contract, including any future years or options
- Staff may delegate the above approvals to an individual that is temporarily performing their role in an acting capacity.
- The above approvals 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.
- The RDOS' 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 RDOS shall give potential suppliers and contractors fair opportunity to supply goods and services to the RDOS by conducting competitive processes in accordance with the thresholds set out below.

Abbreviations:

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

Table 2

Procurement Value*	Goods Process	Services Process
\$0 - \$3,500 Nominal Purchases	<u>Direct Award (Go buy it)</u> <ul style="list-style-type: none"> • Use RDOS Purchase Card or SPO • Obtain and return invoice for signature authorization • PO not required 	<u>Direct Award (Go buy it)</u> <ul style="list-style-type: none"> • Use SPO or hire from pre-qualified AHE or PTL** • Obtain and return invoice for signature authorization • PO not required
\$3,501 - \$10,000	<u>Informal Quotes Required</u> <ul style="list-style-type: none"> • Request 2 or more informal competitive quotes • Execute against SPO or request PO issued by Purchasing Department 	<u>Informal Quotes Required</u> <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 services request 2 or more informal quotes and PO issued by Purchasing: <p>Exception: Multi-year agreements require solicitation issued by Purchasing Department</p>
\$10,001 - \$75,000	<u>Formal Quotes / Bids Required</u> <ul style="list-style-type: none"> • Request 3 or more written quotes / proposals (RFQ, RFP, and ITT). Contact Purchasing to discuss. • PO (or SPO) issued by Purchasing Department 	<u>Formal Quotes / Bids Required</u> <ul style="list-style-type: none"> • Request 3 or more written quotes / proposals (RFQ, RFP, and ITT). Contact Purchasing to discuss. • PO (or SPO) issued by Purchasing Department and/or written agreement. Note: when hiring Professional Consultants see 5.4.2 Exceptions
Above \$75,000 NWPTA “kicks in”	<u>Public Competition</u> <ul style="list-style-type: none"> • Request bids through open public competition (such as RFP, RFQ, ITT, or Pre-Qual). • Contact Purchasing to discuss. • PO issued by Purchasing Department and/or written agreement. 	<u>Public Competition</u> <ul style="list-style-type: none"> • Request bids through open public competition (such as RFP, RFQ, ITT, or Pre-Qual). • Contact Purchasing to discuss. • PO issued by Purchasing Department and/or written agreement.

Construction above \$200,000 NWPTA “kicks in”	<u>Public Competition</u> <ul style="list-style-type: none"> • Request bids through open competition (RFP, ITT, or Pre-Qual) and written agreement (such as MMCD, CCD, or other Contract) and/or Purchase Order. • Contact Purchasing to discuss. Note: Construction \$75,000 to \$200,000 may use Limited Tendering (select vendors)	Not applicable.
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*RDOS staff shall base the value of the procurement on reasonable estimates, considering all future years and options that the RDOS will potentially commit to, as applicable. Procurements shall not be split or separated into parts with the intention of avoiding process requirements.

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

Purchases which are exempt from **Purchase Orders** include:

- a) Costs related to court actions of damage claims.
- b) Subscriptions, publications, dues and fees.
- c) Utility accounts.
- d) Insurance premiums & service charges.
- e) Salaries, wages, and benefits.
- f) Grant-in-aid payments.
- g) Purchase card purchases under \$3,500.00; further exemptions are necessary, on a case by case basis – such as purchasing speciality items abroad that exceed the \$3,500 threshold. The Manager of Procurement may approve such purchases, providing the item to be purchased is in the budget, is within budget, and under \$30,000. Such purchases exceeding \$30,000 shall be authorized by the CAO or delegate.
- h) Travel expenses, requiring submission of expense form.

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 Procurement Manager.

Table 3

5.4.1	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 RDOS’s sole discretion and based on factors including performance and acceptability of new pricing.
5.4.2	Professional Consulting Services (e.g. business consulting, or professional engineers) where the total commitment is less than \$75,000. Note: The rationale for Direct Award of Consulting Services is for the following reasons: 5.4.2 a) Time is of the essence and the Consultant has knowledge or skills

	<p>which are needed quickly;</p> <p>b) The Consultant has a specialized skill or knowledge which others do not have;</p> <p>c) The Consultant has been previously engaged by the RDOS 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.</p> <p>d) Hourly rates of Consultants are similar from firm to firm.</p>
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 and Social services.
5.4.7	Social Procurement (Indigenous groups; other examples may include procurement from philanthropic institutions, prison labour or persons with disabilities).
5.4.8	From non-profit organizations or public bodies, including RCMP and other protective services.
5.4.9	<p>Where an unforeseeable situation of emergency or urgency exists, and the goods or services cannot be procured in-time using the required process.</p> <p>a) Note: any use of this exception requires prior approval by the CAO when the commitment value is to exceed \$75,000.</p> <p>b) The CAO, or delegate, shall have authority to waive the Purchasing Policy where public safety, property and/or infrastructure are at risk.</p>
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, specialized parts and equipment 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, equipment, parts and supplies. Note: Water and investments in water are also exempt in NWPTA
5.4.13	Magazines, subscriptions, periodicals
5.4.14	Petty Cash
5.4.15	Training, education, workshops, seminars, and dues.
5.4.16	Utilities (postage, government charges, hydro, gas, telephone)

5.5 Conflict of Interest with Suppliers / Contractors

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

- 5.5.1 RDOS employees shall exercise caution when there is a possibility or perception of conflict of interest with a contract / supplier, or potential contractor / supplier.
- 5.5.2 RDOS 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 RDOS employee or Board Member 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 RDOS for goods or services, unless it is disclosed and approved in writing by the CAO.

5.5.4 If an RDOS employee or Board Member 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 Board Member 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 an RDOS employee or Board Member 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.

6.0 DISPOSAL OF SURPLUS ASSETS

Once surplus assets with residual value are identified for replacement or disposal, the following should first be considered:

- Re-use by other RDOS departments
- Trade-ins: where the surplus asset is included in a competitive process for the procurement of a new or replacement asset, as part of a trade-in agreement
- Donation to the local School Board or locally recognized non-profit organization, with approval from the CAO

If the above options are not practical, then the assets shall be disposed of through one of the following:

- Public auction sales
- Sale by Bid Process, where competitive bids are sought through a publicly advertised process and the sale occurs to the highest bidder

The asset is sold as is, where is.

Proceeds from the sale of surplus assets will be credited back to the appropriate RDOS fund – such as the vehicle replacement reserve, etc.

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

If the asset is deemed to have no residual value then the asset shall be disposed as:

- Direct Scrap – arrange for the responsible disposal at the nearest landfill or appropriate recycling facility.

7.0 RELATED POLICIES & PROCEDURES, REFERENCES, AND LINKS

- RDOS Purchasing Procedures
- RDOS Purchasing Card Policy
- RDOS Fleet Acquisition, Replacement, and Disposal Policy

- 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): [Canada-European Union Comprehensive Economic and Trade Agreement \(CETA\) \(international.gc.ca\)](#)

Appendix 1

REQUEST FOR PROPOSALS EVALUATION SCORE SHEET

PROJECT: (INSERT PROJECT TITLE)		POOR	MARGINAL	FAIR	GOOD	OUTSTANDING	TOTAL OF 100
RESPONDENT: EXAMPLE ONLY							
CRITERIA	WEIGHT	0.4	0.5	0.7	0.9	1	MAX PTS 100
Methodology - Clear understanding of project scope, challenges and solutions required - work plan which meets or exceeds the District's needs - creativity in solutions provided - demonstration of any "value added service" the Respondent provides - Ease of client access	35						
Contractor Experience - Respondent demonstrates experience on projects with similar scope and needs - qualification and experience - skills of proposed team members - sub-Contractor experience, skills and qualifications	35						
Schedule	10						
Fees and Disbursements (Lowest priced quotation divided by the next evaluated quotation price x 25) Note: scores will be evaluated based on an average of the two prices provided	5						
References	10						
Exceptions to the Contract	5						
EVALUATION TOTAL:							

1.1 Scoring Method

The following method will be used to score the criteria:

- Price: Price will be scored relative to other Respondents using the following formula:
 - $\text{Lowest Price} / \text{Respondent's Price} \times \text{Weighting} = \text{Score}$
- Other Criteria: All other criteria will be scored by the evaluation committee, which will then be multiplied by the Weighting factor to provide a total weighted score out of 100, which includes price.

1.2 Ranking of Respondents

Following completion of the evaluation against the scored criteria, the weighted scores for each Proposal will be added together and Proposals will be ranked according to their total weighted scores. The Respondent with the highest ranked Proposal will be invited to conclude a contract with the RDOS. In the event that two or more Proposals have an equal total weighted score then the Respondent with the Lowest Total Price will be invited to enter into a Contract with the RDOS.