

## REGIONAL DISTRICT OF OKANAGAN-SIMILKAMEEN BOARD POLICY

<b><u>POLICY:</u></b>	Purchasing and Sales Policy
<b><u>AUTHORITY:</u></b>	Board Resolution dated <u>October 7, 2010</u>
<b><u>AMENDED:</u></b>	<u>December 20, 2018</u> <sup>1</sup> .

### POLICY STATEMENT

To responsibly acquire goods and services and manage the disposal of surplus materials in an accountable, professional, ethical, cost-effective and environmentally responsive manner.

#### 1.0 PURPOSE

The purpose of this policy is to identify the principles guiding the procurement of goods and services and the construction of assets required by the Regional District of Okanagan Similkameen in the performance of the duties and responsibilities assigned to it. In achieving the maximum economy, efficiency and effectiveness in the performance of this function, the Regional District of Okanagan Similkameen has endorsed certain fundamental principles which are applicable to all Departments.

#### 2.0 DEFINITIONS<sup>1</sup>

“**BOARD**” means the BOARD of Directors for the Regional District of Okanagan Similkameen;

“**CAO**” means the Chief Administrative Officer for the RDOS, or a designated representative;

“**DESIGNATED OFFICER**” means an employee of the RDOS designated in writing by the CAO to administer this policy, or sections of this policy;

“**RDOS**” means the Regional District of Okanagan Similkameen.

#### 3.0 PURCHASING PRINCIPLES<sup>1</sup>

- 3.1 Procure the necessary quality and quantity of goods and services in an efficient, timely, cost-effective manner, while maintaining the controls necessary for a public institution.
- 3.2 Encourage an open and transparent process for the acquisition and disposal of goods and services.
- 3.3 Ensure the maximum value is obtained regarding acquisition of products and services by determining the full cost over the lifetime of the product or service.
- 3.4 Procure goods and services giving due consideration to the RDOS commitment to encourage the use of environmentally friendly products and services.
- 3.5 Ensure that as many suppliers and buyers as practicable are given the opportunity to bid.
- 3.6 To review transaction practices to ascertain if the cost of goods and services may be reduced by purchasing in bulk quantities or through partnerships with other government organizations.
- 3.7 Ensure that the guidelines set out in the Code of Conduct as identified in this policy are adhered to.

- 3.8 To provide financial control over the expenditure of funds through the use of purchase orders approved by authorized signing authorities. All expenditures must have prior budget approval or be authorized by council resolution.
- 3.9 Ensure the maximum value is gained when disposing of surplus goods and that they are sold in a transparent and publicly acceptable manner.
- 3.10 Ensure compliance with RDOS policies and bylaws, the *Local Government Act* and all other Provincial and National laws and regulations that apply to the procurement of goods, services and construction.
- 3.11 Ensure that purchasing policies and practices support the direction of the RDOS and are in compliance with policy established by the BOARD.

#### **4.0 RESPONSIBILITIES**

- 4.1 The BOARD shall approve any amendments to this policy.
- 4.2 The CAO will support the implementation of this policy and recommend any amendments.
- 4.3 The DESIGNATED OFFICER will administer the Purchasing and Sales Policy to ensure that goods and services are acquired and disposed of in accordance with this policy.
- 4.4 The RDOS operates on a decentralized purchasing model. It is the responsibility of department managers to ensure their department's purchasing practices are in conformance with the purchasing policy and procedures. All invoices and purchase orders must be approved by department managers or, within established spending limits, by their designate. The DESIGNATED OFFICER must be advised, in writing, of the departmental designate along with a sample signature.
- 4.5 Department Managers are responsible for ensuring budget funds are available in duly authorized accounts before making commitments for goods and services.

#### **5.0 APPLICATION<sup>1</sup>**

- BOARD of Directors
- Regional District Employees
- Fire Departments

#### **6.0 INTERPRETATION<sup>1</sup>**

In this policy, each obligation or authority bestowed or delegated to the CAO shall also apply to a Fire Chief.

#### **7.0 PROHIBITIONS**

- 7.1 Include:
  - 7.1.1 Purchase by the Regional District of goods and services for personal use by or on behalf of any member of the BOARD, appointed officers, employees or their immediate families.
  - 7.1.2 Purchase by the RDOS of goods and services from any member of its BOARD, appointed officers, employees or their immediate families or from any other source that would result in a conflict of interest unless the purchase is disclosed and participation discontinued in accordance with the *Local Government Act*.

7.1.3 The purchase of any RDOS goods by a member of its BOARD, appointed officers, employees or their immediate families, unless it is goods the RDOS is selling for profit or is available to the general public.

7.2 Exclude:

7.2.1 Established employee purchase programs

## **8.0 CODE OF CONDUCT**

8.1 Those employees who have been delegated authority to commit RDOS funds and those employees responsible for corporate assets will abide by the Code of Conduct as it applies to their duties performed for the RDOS.

8.2 Employees of the RDOS will not use their authority or office for personal gain and will seek to uphold and enhance the standing and image of the RDOS.

## **9.0 INSURANCE**

9.1 To assist in protecting the RDOS against losses, all contractors providing services to the RDOS are required to obtain and maintain insurance for a specified amount and duration indicated during the procurement process. Insurance must be obtained from an insurance company duly registered, licensed and approved to conduct insurance business in the Province of British Columbia. Contractors must also indicate whether they carry Worksafe BC insurance.

## **10.0 WORKER'S COMPENSATION**

10.1 Contractors shall be deemed to be the Principal Contractors within the meaning of the Worker's Compensation BOARD ("WCB") Industrial Health and Safety Regulations for the Province of British Columbia and must comply with WCB Health & Safety Regulations and all other WCB regulations that apply to the works.

## **11.0 RIGHT TO REJECT BID DUE TO LITIGATION OR NON-COMPLIANCE WITH ZONING BYLAWS**

11.1 Without limiting the foregoing, the RDOS may, in its absolute discretion, reject any tender or proposal submitted by a proponent if:

11.1.1 the Tenderer or any officer or director of the Tenderer is or has been engaged either directly or indirectly through another corporation in a legal action against the RDOS or its elected or appointed officers or employees in relation to:

- (i) any other contract for works or services; or
- (ii) any matter arising from the RDOS exercise of its powers, duties or functions under the *Local Government Act* or another enactment, within five years of the date of the invitation to tender; or

11.1.2 the use of any real property owned or occupied by the Tenderer, located in the RDOS and used by the Tenderer in connection with the performance of the Contract, including use as an office, as storage or as a works yard, is not a permitted use of

that property as established by the RDOS Zoning Bylaw or any covenant in favour of the RDOS, unless such use constitutes a legal non-conforming use.

**12.0 PURCHASING AUTHORITY AND APPROVAL LIMITS**

- 12.1 Only those persons delegated authority are authorized to commit the RDOS for materials, equipment, supplies and services as authorized by the annual budget.
- 12.2 The CAO, Managers and/or their delegate are given authority to execute purchase orders for materials, equipment, supplies and services in accordance with the following criteria:
  - 12.2.1 Items and/or services are included in the annual budget. Items and/or services that are supplemental to the budget but do not create a budget deficit for the department or function. Any transfer of funds between accounts within the function must be approved by the Manager of Finance.
  - 12.2.2 Accepted supplier is the lowest qualified bidder meeting requirements and/or specifications, or in the case of an RFP, the recommended proposal receives the highest criteria score.
- 12.3 The BOARD shall approve all purchases which exceed the budgeted amount of the function. The BOARD shall also approve those tenders where the accepted supplier is not the lowest qualified bid meeting specifications or requirements.

Authority Limits for RDOS Staff for in-budget purchases:<sup>1</sup>

<b>Purchases</b>	<b>Authority</b>
Below \$1,500	All RDOS Staff as directed by their Supervisor
Up to \$10,000	Supervisors;
Up to \$25,000	Managers; Fire Chiefs
Between \$25,000 - \$50,000	CAO
Above \$50,000	BOARD
Above \$75,000	NWPTA Process
Above \$100,000	Canada Free Trade Agreement (C)
Construction Above \$250,000	CFTA
Above \$200,000 SDR (Approx. \$367,000 CDN\$)	Canada Europe Trade Agreement (CETA)
Construction above \$5,000,000 SDR (Approx. \$9,000,000 CDN\$)	CETA

- 12.4 Purchases Exempt From Purchase Orders
  - 10.4.1 Costs related to court actions or damage claims
  - 10.4.2 Subscriptions, publications, dues and fees

- 10.4.3 Utility accounts
- 10.4.4 Insurance premiums
- 10.4.5 Salaries, wages and benefits
- 10.4.6 Grant in aid payments
- 10.4.7 Purchasing card purchases
- 10.4.8 Travel expenses, which require submission of expense form
- 10.4.9 Requests for additions to the list of exempt purchases must be forwarded to the DESIGNATED OFFICER for approval

### **13.0 PURCHASING PROTOCOL – Quotes, Tenders, RFPs, and Change Orders**

13.1 Where goods and services to be purchased are contained in a current budget approved by the BOARD, the general practice to be followed shall be:

13.1.1 Expenditures between \$1,500 and \$5,000:

- (i) Verbal competitive quotations.

13.1.2 Expenditures over \$5,000 but not exceeding \$25,000:

- (i) At least three written offers from suppliers; and
- (ii) Managers shall issue a purchase order to the successful supplier and, if applicable, require the supplier to enter into a written agreement with the RDOS.

13.1.3 Expenditures over \$25,000 but not exceeding \$50,000:

- (i) Invite and accept only sealed tenders or RFPs from potential suppliers and:
  - Publicly receive and open all tenders and initial the tenders when they are opened; or,
  - Initial the RFPs upon opening;
- (ii) The applicable Manager shall make a recommendation for CAO approval; and,
- (iii) If approved by the CAO, the Manager shall issue a purchase order to the successful supplier and, if applicable, require the supplier to enter into a written agreement with the RDOS.

13.1.4 Expenditures over \$50,000:

- (i) Invite and accept only sealed tenders or RFPs from potential suppliers and:
  - Publicly receive and open all tenders and initial the tenders when they are opened; or,
  - Initial the RFPs upon opening;
- (ii) The Manager shall make a recommendation for CAO consideration, who in turn will forward the recommendation to the BOARD for consideration and approval; and,
- (iii) If approved by the BOARD, the Manager shall issue a purchase order to the successful supplier and, if applicable, require the supplier to enter into a written agreement with the RDOS.

13.2 A written agreement between a supplier and the RDOS is required under this section in the following circumstances:

- 13.2.1 If requested by the supplier;
- 13.2.2 for contracts that exceed a value of \$50,000

- 13.2.3 If a RFP and subsequent successful proposal do not contain sufficient elements, such as specifications, conditions, warranties, or indemnities, to constitute a satisfactory contract for either party;
- 13.2.4 If there is already a contract between the RDOS and the supplier, but there are changes to that contract for the particular expenditure.

#### **14.0 NEW WEST PARTNERSHIP TRADE AGREEMENT (NWPTA)**

- 14.1 The RDOS will provide open and non-discriminatory access to procurements where the procurement value is:
  - 14.1.1 \$75,000 or greater for goods
  - 14.1.2 \$75,000 or greater for services
  - 14.1.3 \$200,000 or greater for construction
- 14.2 The RDOS will post all tender and RFP notices for all covered procurement through BC Bid and/or other approved electronic website to ensure compliancy with NWPTA legislation.
- 14.3 Articles 3, 4, and 14 of NWPTA do not apply to government procurement listed below provided that procurement procedures are not used to avoid competition, discriminate between suppliers, or protect its suppliers.
  - 14.3.1 Where it can be demonstrated that only one supplier is able to meet the requirements of a procurement;
  - 14.3.2 Where an unforeseeable situation of urgency exists and the goods, services or construction could not be obtained in time by means of open procurement procedures;
  - 14.3.3 When the acquisition is of a confidential or privileged nature and disclosure through an open bidding process could reasonably be expected to compromise government confidentiality, cause economic disruption or be contrary to the public interest;
  - 14.3.4 of services provided by lawyers and notaries;
  - 14.3.5 of goods intended for resale to the public; or
  - 14.3.6 in the absence of a receipt of any bids in response to a call for tender

#### **15.0 GENERAL TENDERING GUIDELINES**

- 15.1 Department Managers are responsible for the preparation of the tender instructions, conditions, specifications, and pricing formula.
- 15.2 Procedures for receiving and opening tenders shall conform to the following:
  - 15.2.1 Tenders enclosed in sealed envelopes will be received at the tender address until tender closing time;
  - 15.2.2 All tenders will be recorded as to the date and time received at the front counter who will file the tender in the vault until tenders are opened;
  - 15.2.3 Two staff members should proceed with the tender opening at precisely the designated time on the closing day;
  - 15.2.4 Tender envelopes should be opened and each tender shall be checked to ensure that is in signed and valid.
  - 15.2.5 Individual tenders should be read to the interested public. No special order exists in which to read tenders.

15.2.6 Where only one tender is received, the Regional District reserves the right to not make the amount of the tender public at the tender opening. The amount of the tender will be made public if a contract is awarded.

15.3 Provide promptly any information to the proponents' necessary to determine whether a procurement was conducted fairly, impartially including information on the characteristics and relative advantages of the successful tender.<sup>1</sup>

## **16.0 GENERAL RFP GUIDELINES**

16.1 The applicable department is responsible to prepare the necessary RFP documents.

16.2 The RFP should define the nature of the goods and/or services to be provided, how they are expected to be used and/or problems they are expected to address.

16.3 If mandatory requirements are necessary, they should be kept to a minimum and must be carefully worded so as not to eliminate a vendor with an otherwise good proposal.

16.4 The criteria to be used in the evaluation of proposals are outlined in Schedule A attached to this policy.

16.5 Potential proponents should be allowed sufficient time to prepare a good response.

16.6 The applicable department should receive all proposals for evaluation. Proposals should be treated as confidential documents.

16.7 Requests for Proposals (RFP's) shall be reviewed by an Evaluation Team which shall consist of at least two staff members

16.8 Each Evaluation Team member shall complete the RFP Evaluation Form for each proposal as outlined in the attached Schedule A

16.9 Upon completion of Step 2 of Schedule A, the Evaluation Team shall determine, by consensus, the score for each proposal and shall forward these scores to the BOARD for its consideration to select the successful proponent.

## **17.0 TENDERS/RFPs THAT EXCEED THE BUDGET**

17.1 Where a tender or RFP exceeds its budget, the applicable Department Manager must take one of the following actions:

17.1.1 Recommend rejection of the tender or RFP;

17.1.2 Recommend that the BOARD approve a transfer of funding from other items included in a Service in order to accept the tender or RFP as the successful tender or RFP.

## **18.0 SOLE-SOURCE PURCHASES**

18.1 A Department Manager may make purchases without inviting offers from suppliers if:

- 18.1.1 There exists only a single supplier from whom the purchase can economically be made;
- 18.1.2 The circumstances in which the purchase is required are extraordinary; or,
- 18.1.3 The circumstances in which the purchase is required involve an emergency, which refers to an unexpected event that requires prompt action.

18.2 A purchase made under Subsection 18.1.1 and 18.1.2 requires the approval of:

- 18.2.1 The CAO for purchases not exceeding \$50,000; or,
- 18.2.2 The BOARD for purchases exceeding \$50,000.

18.3 The CAO or designate is authorized to proceed with any purchase made under Subsection 18.1.3 without soliciting proposals or tenders.

## **19.0 STANDING PURCHASE ORDERS**

19.1 Where, in the opinion of the applicable Department Manager, greater efficiency will result through purchasing a particular product or service from one supplier, a Standing Purchase Order may be issued to cover such purchases in any given year.

19.2 Only the applicable Department Manager may authorize and sign a Standing Purchase Order.

19.3 Standing Purchase Orders shall normally be issued at the beginning of the calendar year in accordance with the requirements of this policy and are in effect for that year only.

19.4 Standing Purchase Orders shall not be used for capital expenditures.

## **20.0 CONFIDENTIALITY**

20.1 A total bid price is public information. However, it is considered unethical as well as damaging to the RDOS position to allow unit price information from one vendor to pass to another vendor.

20.2 Access to information shall be subject to provisions of the *Freedom of Information and Protection of Privacy Act*.

## **21.0 IDENTICAL TENDER OR QUOTATION PRICES**

21.1 Where the total price of two or more tenders or quotations are the same, awards shall be made first to firms located in the Regional District, second to firms located in British Columbia, and third to firms located in Canada.

## **22.0 SURPLUS ASSET DISPOSAL**

22.1 The RDOS recognizes that assets purchased for its' use will eventually become surplus to its needs. These assets are deemed surplus due to:

- Obsolescence
- Worn out



- Too costly to maintain
- No longer used.

- 22.2 All surplus assets estimated to have a monetary value shall be disposed of by the DESIGNATED OFFICER upon receiving CAO approval, in the manner which will receive the best possible return to the RDOS. Except for trade-ins, surplus assets valued in excess of \$10,000 shall be referred to the BOARD stating reasons for disposal. Once BOARD approval is received the DESIGNATED OFFICER will dispose of the surplus assets in a manner that will receive the best possible return to the RDOS.
- 22.3 All surplus assets shall be sold on an “as is/where is” basis. No warranties or guarantees are to be offered or implied in the sale of the surplus assets.
- 22.4 It is the responsibility of each Department Manager to notify the DESIGNATED OFFICER, in writing, of surplus assets, where applicable, the list must contain make, model and serial number.
- 22.5 Prior to disposition, a list of surplus assets will be circulated to all RDOS departments to see if they can be of use in another department.
- 22.6 When deemed to be in our best interest, surplus assets will be traded in on replacements.
- 22.7 Proceeds from the sale of surplus assets will be credited back to the appropriate function.

## **23.0 ENVIRONMENTAL PURCHASING**

In addition to the principles included in section 2, the RDOS supports the use of environmentally sustainable products and practices and expects staff to pursue this objective in the acquisition of goods and services for the RDOS. This will be accomplished by ensuring that the user departments review and modify existing specifications, and write new specifications, to include environmentally sustainable choices subject to both suitability and costs.

### **23.1 General Principles**

- 23.1.1 To specify products that do not harm the environment in their manufacture, use or disposal (third party certification such as the “Eco Logo” or “Energy Star” may be used.)
- 23.1.2 To consider the environmental facts along with price and performance.
- 23.1.3 To secure comprehensive, accurate and meaningful information about the environmental performance of products or services sufficient to determine environmental preferability.

### **23.2 Procedures**

- 23.2.1 User department staff will review and modify existing specifications and write new specifications to include options for the use of environmentally sound products and processes.

- 23.2.2 Environmentally preferred products must meet or exceed the same engineered standards for the traditional products with respect to performance, structural integrity, life span and safety.
- 23.2.3 The RDOS may be prepared to pay a premium for the environmentally friendly option, within reason, but any significant impact on budgets must be appropriately approved.
- 23.2.4 User department staff will remain alert to sources of recycled materials, products made from recycled materials and other environmentally beneficial products, bringing such information to the attention of the user departments.

## SCHEDULE "A"

### REQUEST FOR PROPOSALS EVALUATION FORM

Proponent's Name: _____			
Project Title: _____			
Evaluation Date: _____			
Evaluator: _____			
Step 1:		YES	NO
Mandatories	Proposal received prior to closing		
	Sub-Consultant list		
	Project Manager identified		
	Project Team identified – Resumes included		
	Reference List		
	Workers Compensation Number provided		
	Sufficient number of proposal copies		
Step 2:		Assigned Points	Points
Proponent (15-30 points)	Qualifications of firm and project team members		
	Experience of firm and project team members		
	References		
	Resources		
Proposal (30-50 points)	Scope		
	Methodology		
	Environmental Performance		
	Scheduling		
	Project Team - Level of Effort		
	Clarity of Proposal		
Price (20-50 points)	Consideration of Price Presented Price = (lowest cost proposal divided by proposal being evaluated) x (% weight)		
Total Score	Proponent + Proposal + Price Scores	100	

[Review and add any specific items that should be in the mandatory section or Specific items for the proposal related to the project]

Evaluation Team Members shall use the following list of questions to complete the RFP Evaluation Form:

#### **Proponent Evaluation – 15 to 30 Points Total**

- (i) **Qualifications of Firm and Project Team Members:**  
Are the firm and project team members specialized and qualified in the nature of the project work?
- (ii) **Experience of Firm and Project Team Members:**  
Has the firm completed similar projects during the last three years? Do the assigned project team members have experience with similar projects?
- (iii) **Past Performance:**  
Is the firm's record of past performance sound? Do reference checks reveal weaknesses? Was abnormal level of monitoring required? Does the firm consistently complete assignments on time and within budget?
- (iv) **Resources:**  
Does the firm have ample resources (e.g. staff, equipment, etc.) to apply to this project?

### **Proposal Evaluation – 30 to 50 Points Total**

- (i) **Scope:**  
Do the objectives, scope, work plan, and prediction of results comply with the terms of reference and project objectives?
- (ii) **Methodology:**  
Is the methodology clear and in sufficient detail to cover all necessary aspects? Does the proposal reflect the required understanding of the project? Is each task clearly outlined and in logical sequence?
- (iii) **Environmental Performance**  
What is the environmental burden and unit cost of a product or service, from its design through to production and then final disposal?
- (iv) **Scheduling:**  
Does the proposal indicate that the achievement of objectives will be met according to an acceptable schedule? Are they within the timelines set by the terms of reference (if outlined in the terms of reference)? Are problems or delays accounted for? Is timing realistic for the project?
- (v) **Project Team:**  
Is the level of effort (total hours) adequate, low or high? Are the hours of professionals involved adequate, low or high? Is the proportion of professional vs. technical hours adequate or appropriate?
- (vi) **Clarity of Proposal:**  
Is the proposal clear, concise, and logical?

### **Price Evaluation – 20 to 50 Points Total**

- (i) **Total Price**

## APPENDIX 1

### Environmental Performance Decision Criteria

Basic evaluation criteria for rationalizing the purchase of environmentally sound alternatives:

- (i) Does the alternative product meet or exceed the minimum required performance specifications? (e.g.) durability, safety, structural integrity. (If no, use the conventional product; if yes move to (ii)).
- (ii) Is the unit pricing of the alternative product equal, or less than, the conventional product? (If yes purchase the alternate product; if no move to (iii)).
- (iii) What is the total annual cost differential of using the alternate product instead of the conventional? (If the effect on budget is nominal use the alternate product; if the effect on budget is more than nominal go to (iv)).
- (iv) By using the alternate product are there any offsetting benefits that can be clearly measured and recorded in cost avoidance accruing to the same Business Unit, or to other business Units and, if so, do those benefits equal or exceed the extra acquisition costs? (If yes purchase the alternate product; if no go to (v)).
- (v) Are there any other benefits that are not measurable in any direct monetary sense but are benefits that we ought to realize for other on-pecuniary reasons?, e.g. "green benefits" such as reduced pollution, air emissions, effluent release, recyclable & disposal issues etc. (If no, purchase the conventional product; if yes define those reasons and report them through established reporting channels to get the increased budget commitment approved. In either case go to (vi)).
- (vi) If acquisition of the alternative product at the higher cost is approved purchase the alternate product; if not purchase the conventional product.