

Approval date: June 18, 2019

Resolution No. 298/2019

**Subject: Procurement Policy**

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## 1.0 GOAL

The goal of the Procurement Policy is to:

- establish the overall direction and general principles that the City of Penticton and City employees will follow in the procurement of goods (including equipment) and services (including construction);
- confirm the authorizations, approval limits and processes that must be followed in the procurement of goods and services; and
- set the process that must be followed for the disposal of surplus or obsolete goods.

## 2.0 SCOPE

This policy applies to all City employees including City Councillors and third-party consultants or contractors engaged by the City except for the exemptions noted in Section 4.4

## 3.0 POLICY STATEMENTS AND GENERAL PRINCIPLES

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

### 3.1 Overall Conduct

Employees commit to creating and maintaining a high level of conduct in its procurement processes for goods and services by ensuring integrity, transparency, accountability, efficiency and consistency.

### 3.2 Fair Competition

Employees shall acquire goods and services through fair, transparent and competitive processes in accordance with legislative and trade agreement requirements. Competitive processes followed shall provide the best value to the City while ensuring fair and equitable treatment of suppliers, which includes consultants and contractors.

### 3.3 Legislation and Trade Agreements

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

- New West Partnership Trade Agreement (NWPTA);
- Canadian Free Trade Agreement (CFTA);
- Comprehensive Economic Trade Agreement (CETA);
- Agreement on International Trade (AIT);
- *Local Government Act*;
- *Community Charter*; and
- *Freedom of Information and Protection of Privacy Act* (FOIPPA).

3.4 Ethical Conduct

Employees shall:

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

3.5 Gifts and Gratuities

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

3.6 Local Suppliers

In accordance with trade agreement requirements the City will select the supplier that provides the best value to the City. In circumstances where there is no difference in value to the City, local suppliers will be given preference.

3.7 Confidentiality and Disclosure of Information

As most transactions related to procurement are of a confidential nature, the City commits to the following in the 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, which may influence a response to a procurement process, will be made available to all interested suppliers;
- subject to the requirements of FOIPPA, information provided by a supplier during a procurement process will remain confidential.

3.8 Conditions for Participation

The City may choose to exclude doing business with suppliers who have demonstrated poor past performance, do not possess the legal and financial capacities or the commercial and technical abilities to undertake the relevant procurement. Examples for exclusion are detailed in the Procurement Procedures.

3.9 Documentation

Employees shall maintain written records of its procurement processes and decisions, in order to support:

- audits of procurement practices;
- any required release of information under FOIPPA; and
- timely and useful debriefs to participants of competitive processes, as required under CFTA and CETA.

**4. PROCUREMENT AUTHORITIES AND PROCESSES**

4.1. Roles and Responsibilities

The roles and responsibilities regarding the procurement of goods and services shall be as follows:

City Council	<ul style="list-style-type: none"><li>• Sets the principles, authorization and approval limits for how the City conducts its procurement.</li><li>• Sets the annual City budget, which all Capital and Operating procurements must be within.</li></ul>
CAO and CFO	<ul style="list-style-type: none"><li>• Sets the procurement procedures to be followed for all procurement, in accordance with the policy set by Council.</li><li>• The CAO may authorize certain purchases outside of the normal process, but only where provided for in the Procurement Policy (e.g.</li></ul>

	approval for emergency purchases; approval to commence procurement process prior to budget approval in time-sensitive situations provided no contract is executed).
Procurement Manager and Procurement Department	<ul style="list-style-type: none"> <li>• Responsible for oversight and administration of the Procurement Policy and procedures.</li> <li>• Responsible for conducting all procurement processes above \$5,000 in value; including: issuance of bid solicitation documents; all correspondence with bidders/respondents; receipt of proposals/tenders/quotes; management of evaluation; and award of contracts/POs.</li> <li>• Provide feedback on department specifications/requirements to ensure they are broad and practical enough to avoid restricting competition in bidding.</li> <li>• Manage the disposal of surplus or obsolete goods and equipment.</li> </ul>
Directors, General Managers and Department Managers	<ul style="list-style-type: none"> <li>• Responsible for adherence to the Procurement Policy and procedures.</li> <li>• Responsible for ensuring departments provide accurate specifications, requirements and other information to the Procurement Department, sufficient to enable Procurement employees to conduct the process.</li> <li>• Responsible for managing and administering contracts following execution of the contract or issuance of the PO.</li> </ul>
All Employees	<ul style="list-style-type: none"> <li>• Responsible for compliance with the Procurement Policy and procedures. Employees should seek direction from their Supervisor/Manager or Procurement Department if unsure.</li> </ul>

4.2. Delegated Procurement Authority

In accordance with 4.1, employees are authorized to commit the City to a contract/purchase, either by signing a contract document or issuing a Purchase Order, in accordance with the following authority limits:

Employee Position	Authority to Commit Up To:
Chief Administrative Officer	Unlimited
Chief Financial Officer	Unlimited
Directors and General Managers	\$100,000
Procurement Manager	\$100,000
Assistant Procurement Manager	\$75,000
Department Managers	\$75,000
Department Supervisors	\$50,000
Inventory Associate	\$25,000
All Other City Employees	\$5,000 (or as approved by the CFO)

4.3. Procurement Thresholds and Process Requirements

The City shall give potential suppliers fair opportunity to supply goods and services to the City, by conducting competitive processes in accordance with the following thresholds:

Value of Procurement	Procurement Process
\$0 to \$5,000	Direct Award
\$5,001 to \$25,000	Informal Quotes
\$25,001 to \$75,000	Formal Quotes
Over \$75,000 for Goods	Public Competition
Over \$200,000 for Construction	Public Competition

#### 4.4. Exceptions to Procurement Process Requirements

While still covered by this policy, the following procurements are exempt from the threshold and process requirements detailed in section 4.3 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 4.2:

- a. An extension to the term of an existing ongoing contract, provided that:
  - the contract was originally executed in compliance with the Procurement Policy; and
  - the contract contains an express provision of such an extension.
- b. Consulting services where the total commitment is less than \$75,000. Note: Direct Award of Consulting Services must be due to one of the following reasons:
  - time is of the essence and the Consultant has knowledge or skills which are needed quickly;
  - the Consultant has a specialized skill or knowledge which others do not have;
  - 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.
- c. Construction of, or investment in, water systems and related services where the total commitment is less than \$250,000.
- d. Where the procurement is of a confidential or privileged nature and disclosure through the required process could reasonably be expected to compromise confidentiality or be contrary to public interest.
- e. Where an unforeseeable situation of urgency exists and the goods or services cannot be procured in time using the required process. The CAO has the authority to waive the Procurement Policy where public safety, property and/or infrastructure are at risk. Any use of this exception requires prior approval by the CAO when the commitment value exceeds \$75,000.
- f. Where it can be demonstrated that only one supplier is able to meet the requirements of a procurement (e.g. need for proprietary software or parts for specialty equipment).
- g. In the absence of receipt of any bids which meet the requirements of a public process.
- h. Operation of a sporting or convention facility, in order to respect a commercial agreement.
- i. Non-profit organizations operating City facilities must be approved by the CFO and considered on a case by case basis.
- j. Established water and waste water treatment chemicals and supplies.
- k. Land acquisitions or real estate transactions and fees.
- l. Legal or notary services.
- m. Any other exemption listed in Part V of the New West Partnership Trade Agreement.

#### 4.5. Inability to Perform

Where a contractor is unable to perform the services as required by contract, the Procurement Manager has the authority to award the services to an alternate supplier until such time as the situation has been rectified to the City 's satisfaction or a replacement contractor is sought through an appropriate procurement process.

#### 4.6. Conflict of Interest

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

- a. City employees shall exercise caution when there is a possibility or perception of conflict of interest with a supplier or potential supplier;
- b. City employees involved in a procurement process, either directly or indirectly, must notify their direct supervisor of any potential conflict of interest with a supplier;
- c. 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 Chief Administrative Officer; and
- d. If a City employee or Councillor has a potential conflict of interest as outlined in 4.6.b. and 4.6.c., the general guideline for the procurement process shall be as follows:
- i. 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
  - ii. No Direct Award will occur to any supplier or contractor involved in a conflict of interest, regardless of the value. Suppliers 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.

## 5. DISPOSAL OF SURPLUS EQUIPMENT, MATERIALS OR GOODS

Surplus assets or equipment, which the City no longer requires, shall be disposed of through one of the following methods, as approved by the Procurement Manager:

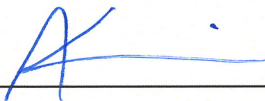
- 5.1. Re-use by other City department.
- 5.2. Arrange for disposal at an appropriate recycling facility or the local landfill for items deemed of no value.
- 5.3. Donate to non-profit organization.
- 5.4. Donate to other levels of government.
- 5.5. Sale by auction including electronic auctions such as BC Auction.
- 5.6. Sale by sealed bid process, where bids are sought through a publicly advertised process.
- 5.7. Trade-ins: where surplus goods are included in a competitive process for the procurement of new goods as part of a trade-in arrangement.

Direct sale of surplus goods to City employees or their direct family members must be pre-approved in writing by the CFO.

## 6. REFERENCES AND LINKS

- 6.1. Procurement Procedures
- 6.2. Officers and Delegation of Authority Bylaw No. 2018-75  
[HTTPS://WWW.PENTICTON.CA/ASSETS/CITY~HALL/BYLAWS/ADMINISTRATION/2018-75%20OFFICERS%20AND%20DELEGATION%20OF%20AUTHORITY%20BYLAW.PDF](https://www.penticton.ca/assets/city~hall/bylaws/administration/2018-75%20OFFICERS%20AND%20DELEGATION%20OF%20AUTHORITY%20BYLAW.PDF)
- 6.3. New West Partnership Trade Agreement (NWPTA):  
<http://www.newwestpartnershiptrade.ca/>
- 6.4. Canadian Free Trade Agreement (CFTA): <https://www.cfta-alec.ca/>
- 6.5. 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>
- 6.6. Community Charter  
[http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/03026\\_10](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/03026_10)
- 6.7. Local Government Act  
[http://www.bclaws.ca/civix/document/id/lc/statreg/r15001\\_18](http://www.bclaws.ca/civix/document/id/lc/statreg/r15001_18)

Certified Correct:



Angie Collison, Corporate Officer