

## Procurement

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### 1. POLICY STATEMENT

This Policy will ensure that all Goods and Services will be Acquired in a competitive, fair and open manner that:

- (a) is efficient, accountable and maximizes Best Value;
- (b) advances the City's commitment to economic, environmental, and social responsibility by supporting the Acquisition of sustainable products and services; and
- (c) meets the requirements of the *Community Charter*, the *Local Government Act*, the Applicable Trade Agreements, and public sector Procurement standards and competitive Bidding law.

### 2. PURPOSE

This Policy outlines authorization and competition requirements for procuring Goods and Services for the City. The primary goal in the Procurement process is to attain Best Value using processes that are competitive, open, transparent and non-discriminatory.

### 3. SCOPE

This Policy applies to all Acquisitions and Purchases made by Employees. Specific exclusions are set out in Section 6.

### 4. INTERPRETATION

- (a) Schedule "A" contains definitions of terms used in this Policy and where not defined are interpreted consistently with the *Community Charter*, SBC 2003, and the *Local Government Act*, RSBC 2015.
- (b) Schedule "B" contains Procurement Method Procedures.
- (c) A reference to any statute, regulation or Bylaw refers to that enactment as it may be amended or replaced from time to time.

- (d) Words in the singular include the plural and gender specific terms include both genders and include corporations.
- (e) The headings in this Policy are for convenience only and must not be construed as defining or in any way limiting the scope or intent of this Policy.
- (f) If any part of this Policy is held to be invalid by a court of competent jurisdiction, the invalid part is severed and the remainder continues to be valid.
- (g) If a position to which approval authority is altered, modified, renamed, split or consolidated after the adoption of this Bylaw, each of those powers, functions and duties will be deemed to have transferred, with necessary changes, to the person holding the position most closely connected to that which existed upon the adoption of the City's *Officer Designation and Delegation of Authority Bylaw, 2018*.
- (h) In the event of an inconsistency between this Policy and the City's *Officer Designation and Delegation of Authority Bylaw, 2018*, the latter prevails to the extent of the inconsistency.

5. **PRINCIPLES**

- (a) Authority for Procurement transactions
  - (i) Procurement transactions must be within the approved Annual Budget and must only be performed by Authorized Staff.
  - (ii) For reference purposes only, and subject to the exceptions stated in the *Officer Designation and Delegation of Authority Bylaw, 2018*, the generally applicable approval authority limits are summarized in the following table:

<b>Entity/Position</b>	<b>Delegated Approval Authority Limit</b>
City Council	\$350,000 and above
City Manager	Up to \$350,000
General Managers	Up to \$250,000
Directors	Up to \$150,000
Managers	Up to \$50,000

(b) Procurement Method

- (i) All agreements, Contracts, leases or other documents relating to agreements involving the commitment of the City must be signed in accordance with the City's *Officer Designation and Delegation of Authority Bylaw, 2018*. Authorized Signatories and Execution of Documents.
- (ii) The method of the City's Procurement is based on the dollar value, risk level, and the nature of the specific Procurement transaction, ensuring that the cost and time associated with using a Competitive Process is proportionate to the benefit received.
- (iii) Procurement methods must be selected in accordance with the following table and the procedures set out in Schedule "B".

<b>Estimated Transaction Cost</b>	<b>Method</b>
<b>GOODS AND SERVICES</b>	
Less than \$5,000	Direct Purchase or award
Less than \$75,000	Minimum 3 Quotes required
Greater than \$75,000	Formal Competitive Process
<b>CONSTRUCTION</b>	
Less than \$200,000	Written Quotation Process <i>or</i> Formal Competitive Process
Greater than \$200,000	Formal Competitive Process

Note: Multi-year agreements, including options to renew, are dollar value accumulative for the Term of the agreement and shall be subject to the thresholds listed above.

- (iii) Corporate Purchasing Cards should be used for straightforward Purchases of goods, as directed by the Purchasing Department.
- (iv) Written Contracts are to be used when the Goods and Services are complex, despite the dollar value, or when Terms and conditions are required that are not in the City's standard Purchase order, including, but not limited to: Contract security, performance monitoring, project schedules, long Term agreements, and any Purchase issued through a Competitive Process.

- (c) General
- (i) Procurements. No Purchase, Expenditure or commitment may be made by any Employee, unless it falls within the current budget approved by Council or approval is obtained through a budget amendment process.
  - (ii) Unsolicited Proposals. Unsolicited proposals received by the City will be reviewed by Authorized Employees in the applicable division. Any Procurement activity resulting from the receipt of an unsolicited proposal must comply with the provisions of this Policy. A Contract resulting from an unsolicited proposal will only be awarded on a non-competitive basis when the Procurement requirements comply with the non-competitive Procurement procedures described in Schedule “B”.
  - (iii) Identical Bids. If identical lowest Bids are received (where price was the main or only evaluation criteria), each of which are less than the approved budget and all other criteria are equal (delivery, service, performance, security of supply and price), the successful Bid must be chosen by the drawing of lots. Approval of award must comply with the provisions of this Policy.
  - (iv) Increase to an Existing Contract or Purchase Order. Increases to the value of an existing Contract or Purchase order must only be approved by the Authorized Staff person that approved the award and only if the total amount of the Contract or Purchase order, including the increase, is within that Authorized Staff’s Signing Authority limit and within the project budget as set out in the approved financial plan.
  - (v) Purchase Standardization. All City departments will co-operate in the Purchase of supplies by simplifying and standardizing like requirements, wherever possible. Every effort should be made to reduce the types and kinds of products used to the smallest number (i.e., considering equivalents or any alternatives suggested) in order to minimize investment and maximize value to the City.
  - (vi) Co-operative Purchasing. Savings likely to be achieved through purchasing Goods and Services jointly with other government bodies should be pursued. Authorized Staff should participate with other government agencies or public authorities in joint purchasing ventures when it is in the best interests of the City. In such cases, the procedures set out by the agency responsible for the venture will be followed and not the procedures set out in this Policy.

- (vii) Financial Security. The Purchaser may require financial security from potential suppliers in the form of Performance Bonds and Labour and Material Bonds if considered to be in the City's best interest. Bonding is not required on every Bid but it is advisable, where there is a large liability or the value of the Goods and Services exceeds \$100,000.
- (viii) Disposal of Surplus Goods. Management in service areas must Dispose of all Goods and Services as directed by the Purchasing Department.
- (ix) Conflict of Interest. Subject to Part 4, Division 6 of the *Community Charter*, no Employee or member of the Council will participate in or attempt to influence in any way a decision, recommendation or other action to be made or taken in respect to the evaluation, selection or approval of any competitive Bid or arrangement for the supply of Goods and Services to the City in which the Employee or member of Council has a direct or indirect pecuniary interest.
- (x) WorkSafeBC. All Contracts for services to be provided on City property require the Contractor to provide proof of registration, where applicable, and remain in good standing with WorkSafeBC throughout the Term of their Contract. Contractors may be required to provide clearance letters before and after performing work for the City. In the event the Contractor is not eligible for registration with WorkSafeBC for reasons other than workplace safety performance, the City may assume responsibility as employer for the purposes of the *Workers Compensation Act*, RSBC 1996, and pay the applicable WorkSafeBC premiums, at the Contractor's expense.
- (xi) Supplier Performance. Authorized Staff and the department responsible for a Procurement transaction will maintain records of supplier performance. The information will be used to ensure Contract compliance, to supplement a subsequent prequalification process or to justify an award where it can be demonstrated that such records are part of the evaluation process and criteria.
- (xii) Supplier Debriefing. When a Procurement transaction is awarded using a Formal Competitive Process, unsuccessful suppliers are entitled to a debriefing upon request to obtain feedback on the strengths and weaknesses of their Bid.

- (xiii) Insurance. All Contracts for services to be provided on City property require the Contractor to provide and maintain insurance coverage acceptable to the City, including but not limited to commercial general liability, auto, property/all risk and professional liability. The risk associated with each Contract varies and accordingly the City may require additional factors, such as being named as an additional insured, cross liability clauses, waiver of subrogation, notice of cancellation and proof of coverage.
- (xiv) Freedom of Information and Protection of Privacy Act. This Policy is subject to the provisions of the *Freedom of Information and Protection of Privacy Act*, RSBC 1996, with respect to the disclosure of information.
- (xv) Bonds. Performance and Labour Material bonds are required for all Construction type projects over \$100,000 and/or where project assurances are required.

## 6. EXCLUSIONS

This Policy establishes the policies and practices applying to the Purchase of all types of Goods and Services with the exception of the following:

- (a) the borrowing and investing of money;
- (b) the rental, lease, Purchase and sale of property, land or accommodation;
- (c) memberships in professional and vocational associations and their publications and other professional and training activities;
- (d) health services and social services;
- (e) legal services;
- (f) Procurements from a public body or non-profit organization;
- (g) the hiring of Contract Employees;
- (h) Goods and Services Purchased through provincial and federal corporate supply arrangements;
- (i) Goods and Services Purchased from First Nations;
- (j) emergency Purchases; or
- (k) all other exemptions as stated in the Applicable Trade Agreements.

7. PROHIBITIONS

The following activities are prohibited:

- (i) Purchase by the City of any Goods or Services for personal use by or on behalf of any member of Council, appointed Officers or Employees or their immediate families;
- (ii) the division of a single Purchase into multiple increments to circumvent policies or levels of authority; or
- (iii) committing the City or entering into a Procurement transaction without the appropriate authority to do so.

8. WAIVING OF REQUIREMENTS

Subject to applicable enactments and the City’s bylaws, Council may waive this Policy or authorize an exemption on a case-by-case or class basis.

9. REFERENCES

Policy Owner:	General Manager of Financial and Corporate Services
Reviewed by:	Senior Management Team
Endorsed by:	City Manager
Approved by:	Council
Last Review Date:	

APPROVED this

5<sup>th</sup> day of

March, 2018

I hereby certify this to be a true copy of the original Policy

\_\_\_\_\_  
Henry Braun  
Mayor

\_\_\_\_\_  
Katie Karn  
Deputy City Clerk

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William Flitton  
Corporate Officer

SCHEDULE "A"

DEFINITIONS

"Acquire" or "Acquisition" means to obtain by any method, accept, receive, Purchase, be vested with, lease, take possession, control or occupation of, and agree to do any of those things, but excludes expropriation, except by agreement under Section 3 of the *Expropriation Act*, RSBC 1996.

"Annual Budget" means the amounts in the applicable five-year financial plan adopted by Council for Purchases and Expenditures during the first year of the financial plan for the purposes of the City.

"Applicable Trade Agreements" include the Agreement on Internal Trade (AIT), the New West Partnership Trade Agreement (NWPTA), Canadian European Union: Comprehensive Economic and Trade Agreement (CETA), and any other trade agreement applicable to the City that exists on or after the adoption of this Policy.

"Authorized Staff" means the person responsible and authorized to Acquire and Purchase Goods and Services within the authorized purchasing limits as set out in the City's *Officer Designation and Delegation of Authority Bylaw, 2018*.

"Best Value" means the optimal combination of Total Cost, performance and qualifications.

"Bid" includes a written formal proposal submitted in response to a Competitive Process inviting the supply of Goods and Services.

"Bonds" means Labour Bonds and Performance Bonds, as set out in Schedule "B".

"City" means the City of Abbotsford.

"City Manager" means the Chief Administrative Officer for the City, appointed under Section 147 of the *Community Charter*, or a designate.

"Corporate Officer" means the Corporate Officer for the City, appointed under Section 148 of the *Community Charter*, or a designate.

"Competitive Process" means a fair and open competition based on functional and generic specifications.

SCHEDULE "A" (cont'd)

DEFINITIONS (cont'd)

"Construction" means a construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in an incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include Professional Consulting Services related to the construction Contract unless they are included in the Procurement.

"Contract" means a written agreement authorized or ratified by the appropriate authority and executed by the appropriate authority.

"Corporate Officer" means the Corporate Officer for the City, appointed under Section 148 of the *Community Charter*, or a designate.

"Change Order" means any change to a Term, condition or other Contract provision.

"Council" means the Mayor and Council of the City of Abbotsford.

"Dispose" means to transfer by any method including assign, give, sell, grant, charge, convey, lease, divest, dedicate, release, exchange, alienate or agree to do any of those things.

"Employee" means any person employed by the City.

"Expenditure" means all amounts authorized to be paid in this Bylaw and the Annual Budget and includes the Purchase of Goods and Services within the monetary limits prescribed by this Bylaw.

"Formal Competitive Process" means a public Procurement process that is competitive, open, transparent, non-discriminatory and compliant with the requirements of the Applicable Trade Agreements.

"General Manager" means the General Manager who has functional responsibility and accountability for operations of a City department.

"Goods and Services" includes supplies, equipment, furniture, fixtures, machinery, vehicles, insurance, employee benefits, Construction, labour and materials, legal or damage claims, maintenance, Employment Contracts, service Contracts, and Professional and Consulting Services, but does not include Real Property.

SCHEDULE "A" (cont'd)

DEFINITIONS (cont'd)

"Manager", means any Employee of the City, other than the City Manager, General Manager, or Director, which is deemed to be a non-union position, and which has direct reports.

"Mayor" means the duly elected Mayor of the City.

"Officer" means a person established as a Statutory Officer in the City's *Officer Designation and Delegation Bylaw, 2018*.

"Procurement" means the Acquisition by any means, including by Purchase, rental, lease or conditional sale, of Goods and Services.

"Professional Consulting Services" means an agreement to provide professional or management consulting services.

"Purchase" means the Acquisition of Goods and Services or any interest therein by purchase, contract, lease, rental or otherwise.

"Purchase Order" means a written acceptance of an offer to Purchase Goods and Services made on the City's numbered form.

"Purchase Requisition" means the initial request for a Purchase Order.

"Purchasing Department" means the City's Procurement Division.

"Quotation" or "Quotes" means a verbal or written submission from a supplier in response to a request for quotations or applications to supply Goods or Services from sources of supply, not opened in public, which may be the subject of further negotiations.

"Real Property" includes lands, buildings, tenements and any interest, estate, right or easement in lands.

"Request for Proposal (RFP)" means an invitation for providers of a product or service to Bid on the right to supply that product or service where price is not the only evaluation criteria and is often the lowest weighted criteria.

"Service Provider" means the company/person that is hired under an Agreement to provide Services

"Signing Authority" means the approved levels of authority, as set out in the City's *Officer Designation and Delegation of Authority Bylaw, 2018*, to Purchase Goods or Services on behalf of the City in a form approved by the General Manager.

SCHEDULE "A" (cont'd)

DEFINITIONS (cont'd)

"Term" means:

- (a) in the case of a Contract for the Purchase of Goods and Services, a lease or a rental agreement entered into by the City, the initial Term of the Contract, lease or rental agreement not including any optional renewal Terms; and
- (b) in the case of a renewal of a Contract for the Purchase of Goods and Services, a lease or a rental agreement by the City, the renewal Term of the Contract, lease or rental agreement not including the initial Term.

"Total Cost" means the sum of all costs attributable to products, Construction, and services associated with performing the intended function over the entire Term of use and includes factors such as Acquisition cost, installation cost, disposal value, disposal cost, operational cost, maintenance cost, quality of performance and environmental impact.

"Vendor" means a company which supplies Goods and Services to another company.

SCHEDULE "B"

PROCUREMENT METHOD PROCEDURES

1. LOW VALUE PURCHASES (Less than \$5,000)

(a) Application

This method will be used for Goods or Services having a value less than \$5,000 and required for a one-time (non-repetitive) Procurement.

(b) Process

(i) Before initiating the transaction Employees must be, or ensure they have received approval from, the appropriate Authorized Staff.

(ii) No Quotes are required and Purchases in this category can either be paid for by Purchasing Card or the City can be invoiced directly.

2. MEDIUM VALUE GOODS AND SERVICES PURCHASES (less than \$75,000) and HIGH VALUE CONSULTING SERVICES (between \$50,000 and \$75,000)

(a) Application

This method will be used for Goods or Services having a value greater than \$5,000 and less than \$75,000, and consulting services greater than \$50,000 and less than \$75,000, required for a one-time (non-repetitive) Procurement.

(b) Process

(i) Before initiating the transaction Employees must be, or ensure they have received approval from, the Authorized Staff

(ii) Three (3) written Quotes (i.e. email, fax, letter) will be obtained from three (3) different suppliers (if possible).

(iii) All suppliers will receive the same Quotation information; and

(iv) All Quote documentation will be submitted with the Purchase Requisition.

(v) Authorized Staff are responsible for selecting the supplier on the basis of Best Value to the City.

SCHEDULE "B" (cont'd)

PROCUREMENT METHOD PROCEDURES (cont'd)

- (vi) A Purchase requisition must be created by the department requesting the Goods and Services PRIOR to the work starting or the goods being ordered and appropriate documentation must be collected (insurance, worksafe etc.). Once a Purchase Order has been completed the work can begin and the goods can be ordered.
- (vii) Authorized Staff may determine that it is appropriate to use a Formal Competitive Process instead of the written Quotation process even though the value of the transaction is less than \$75,000. In such a case, Authorized Staff will, in accordance with the provisions of this Schedule, contact the Purchasing Department.

3. CONSULTING SERVICES (less than \$50,000)

(a) Application

This method will be used for procuring consulting services valued at less than \$50,000 for a one-time (non-repetitive) Procurement. Multiple Quotes are not required for consulting services under this value.

(b) Process

- (i) Before initiating the transaction Employees must be, or ensure they have received approval from, the Authorized Staff
- (ii) A scope of work and a pricing proposal must be obtained from the Service Provider
- (iii) If the value of the work is under \$25,000 a Purchase requisition must be created and include any documentation required such as insurance requirements, business license and WorkSafe certification and the Service Providers proposal.
- (iv) If the value of the work is greater than \$25,000, please contact the Procurement department as a written Contract is required.

SCHEDULE "B" (cont'd)

PROCUREMENT METHOD PROCEDURES (cont'd)

4. COMPLEX/ HIGH VALUE PURCHASES (greater than \$75,000)

(a) Application

This method will be used for procuring complex Goods and Services (including consulting services) exceeding \$75,000, and \$200,000 for Construction.

(b) Process

- (i) Before initiating the transaction Employees must be, or ensure they have received approval from, the Authorized Staff
- (ii) Contact the Procurement department as early as possible in the planning stage. A Competitive Process will be required.

5. SINGLE AND SOLE SOURCE PURCHASES

(a) Application

In the case where there is only one (1) provider available (sole source) to supply a good or service or the decision has been made to award work to a single source.

(b) Process

- (i) Employees will provide the applicable General Manager or City Manager with the rationale that warrants a non-competitive selection for approval and will obtain the City Manager or applicable General Manager's written approval before proceeding.
- (ii) Employees must seek Council approval for a non-competitive transaction in excess of \$350,000 but should not do so without first seeking appropriate advice on whether the transaction is compliant with the Applicable Trade Agreements and Procurement law principles.

6. BONDS

(a) Application

The requirement for Performance Bonds and Labour and Material Bonds

(b) Process

Any Construction projects over \$100,000 and/or projects that require assurance will require a Performance Bond and a Labour Material Bond each worth 50% of the total project value.