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6. PURCHASING POLICY

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6.1 PURPOSE

To achieve best value in the acquisition of goods and services for the City.

6.2 GENERAL STATEMENT

In the provision of services to the public, the City must engage in the procurement of goods and services. The purchasing function is currently semi-decentralized with the Purchasing Agent having central responsibility. To achieve uniformity, best value, efficiency and effectiveness in the acquisition of goods and services, the City will follow certain corporate principles which are applicable to all Departments.

The considerations outlined herein are to be used as a guideline and used in tandem with purchaser's discretion and good judgment.

6.3 CORPORATE PRINCIPLES

6.3.1 Professional Ethics

Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the City's image by:

- i) maintaining unimpeachable standards of integrity in all their business relationships;
- ii) fostering the highest standard of professional competence amongst City employees;
- iii) maximizing the use of resources for which they are responsible so as to receive maximum benefit for the City.

6.3.2 Declaration of Interest

Any personal interest which may encroach or might reasonably be deemed by others to affect the impartiality of an employee in any matter relevant to their duties, should be declared by the employee to their supervisor.

6.3.3 Confidentiality & Accuracy of Information

Information received in the course of duty must be respected and shall not be used for personal gain. Information given in the course of duty should be true, fair and not designed to mislead.

6.3.4 Competition

When considering the advantages to the City of maintaining a continuing relationship with a supplier, any arrangement which might in the long term prevent the effective operation of fair competition, should be avoided.

6.3.5 Gifts

To preserve the image and integrity of employees and the City, business gifts should be actively discouraged. Gifts, other than those of very small intrinsic value, shall not be accepted.

6.4 PURCHASING RESPONSIBILITY

It is the responsibility of individual department managers to ensure their department's purchasing practices serve the best interests of the City and are in conformance with the City's purchasing policy. All invoices and purchase orders will be approved by department managers or their designate. The Finance Manager must be advised, in writing, of the departmental designate along

with a sample signature.

6.5 BUDGET APPROVAL

Department Managers are responsible for ensuring budget funds are available in duly authorized accounts before making commitments for goods and services.

6.6 AWARD OF CONTRACT/VENDOR SELECTION

6.6.1 Open Market

The City's policy is to buy on the open market, seeking the best value for its purchasing dollars. Buying on the open market means that:

- i) suppliers are given an opportunity to quote or tender on goods or services acquired; and
- ii) where practical, suppliers are made aware of the City's needs as they arise.

6.6.2 Best Buy

Best buy will take into consideration the following factors, which other than cost are not listed in any particular order:

- i) Cost;
- ii) Quality;
- iii) Availability;
- iv) Suitability or compliance with specifications;
- v) Supplier financial stability;
- vi) Supplier performance and references;
- vii) Source of supply. In cases where two or more identical offers or tenders are made, the source of supply will be taken into consideration, with preference in order of local, Provincial then Federal. Orders will not be split between tie bidders.

Amendment Oct 18-04 Res. # 04-1010

6.6.3 Agreement on Internal Trade (AIT)

The City will abide by the provisions of the Agreement on Internal Trade (AIT) which in part requires that the City must ensure their acquisition processes are fair, competitive, efficient, effective, non-discriminatory and transparent for acquisitions of goods and services over \$100,000 and construction over \$250,000. Where possible, the spirit of the AIT is expected to be followed for acquisitions less than these thresholds.

6.7 BUYING PROCESS AND SOURCING

6.7.1 Definitions

6.7.2 Request for Offers

This is the least formal, and typically the fastest and simplest way to obtain competitive bids. This method is reserved for acquisitions of a value of less than \$10,000.

6.7.3 Tenders

This method is used for acquisitions of a value greater than \$10,000, typically used for major construction, renovations, public works projects and service contracts accompanied by specifications, special provisions, bonding instructions to tenderers, etc. Tenders are

submitted in sealed envelopes and opened in a public forum. The tender may be advertised or by invitation only. Council approval is required to award a tender where value is in excess of \$100,000.

6.7.4 Requests for Proposals

The City may, from time to time, choose to utilize a Request for Proposals in place of the formal tender process. This method will normally be used in special circumstances where it is deemed more appropriate by the Purchasing Agent. Proposals are submitted in sealed envelopes and are not opened in a public forum.

6.8 METHOD OF PURCHASING GOODS AND SERVICES

6.8.1 Petty Cash

Petty Cash may be used where the direct acquisition of a good and/or service is required and of very small value.

6.8.2 City Purchase Order

City purchase order will normally be issued except where petty cash has been used or when payment for goods is required in order to receive goods.

6.8.3 Blanket/Standing Purchase Orders

A blanket or standing purchase order may be used for the continuous supply of a good or service, but must not be issued for a period extending beyond the fiscal year end.

6.9 PURCHASE PROCEDURE

6.9.1 Purchases Under \$10,000

The Department Manager or designate may conduct or request the Purchasing Agent to conduct a competition by inviting offers from a minimum of three suppliers where available. Following evaluation of best value, a purchase order will be prepared to the successful party complete with account coding and cost. Purchases must be within budget. Once the purchase order is prepared, the pink, yellow and green copies are sent to the Finance Department. For all purchases under \$10,000, the pricing information must be retained by the department conducting the competition.

6.9.2 Purchases Over \$10,000

- i) The Department Manager or his designate will prepare necessary specifications and drawings, and forward same to the City Purchasing Agent.
- ii) The City Purchasing Agent will review the specifications ensuring their appropriateness. Where necessary, the Purchasing Agent will consult with the Department Head or his designate as to the specifications and possible suppliers.
- iii) The City Purchasing Agent will request Offers Tenders or Proposals from a minimum of three suppliers where available.
- iv) The City Purchasing Agent will prepare or cause to be prepared a Purchase Order if the lowest Offer or Tender is to be accepted.

- v) Bylaw 3177, 2005 “Officer’s Designation and Establishment of Powers, Duties and Responsibilities of Officers of the City” provides for the following purchasing approval thresholds:

Directors:	up to \$50,000
City Manager:	together with the Corporate Services Director or in his absence any Director, between \$50,001 and \$100,000
Council:	purchases in excess of \$100,000

New June/02 Res. # 02-0501

6.10 SURPLUS ASSET DISPOSAL

6.10.1 Disposal of Assets Defined

6.10.1.1 Surplus

The City of Campbell 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.

6.10.1.2 Disposal

All surplus assets estimated to have monetary value shall be disposed of by the Purchasing Agent, upon the Chief Financial Officer’s approval, in the manner which will receive the best possible return to the City.

Where the value of the surplus asset is deemed to be less than \$500.00 the Purchasing Agent, upon the Chief Financial Officer’s approval, may dispose of the surplus assets through donation to a registered charitable organization or non-profit society.

Except for trade-ins, surplus assets valued in excess of \$10,000 shall be referred to Council stating reasons for disposal. Once Council approval is given, the Purchasing Agent will dispose of the surplus assets in a manner that will receive the best possible return to the City.

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.

It is the responsibility of each Department Manager to notify the Chief Financial Officer, in writing, of surplus assets with a copy of this list to the Purchasing Agent. Where applicable, list must contain make, model and serial number.

Prior to disposition, a list of surplus assets will be circulated to all City departments to see if they can be of use in another department.

When deemed to be in our best interest, surplus assets will be traded in on replacements.

6.10.2 Allocations Of Proceeds

Proceeds from the sale of surplus assets will be credited back to an appropriate reserve account designated for the purchase of like assets.

6.11 ENVIRONMENTAL PURCHASING

The City of Campbell River 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 City. 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 cost.

6.11.2 General Principles

- i) 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.)
- ii) To consider the environmental factors along with price and performance.
- iii) To secure comprehensive, accurate and meaningful information about the environmental performance of products or services sufficient to determine environmental prefer ability.

6.11.3 Procedures

- i) User department staff (or delegate) will review and modify existing specifications and write new specifications to include options for the use of environmentally sound products and processes.
- ii) 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.
- iii) The City may be prepared to pay a premium for the environmentally friendly option but any significant impact on budgets must be appropriately approved.
- iv) User department staff (or delegate) 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.

6.11.4 Decision Guide

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 cost? (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 non-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.

Decision Tree:

