

Date

The following was adopted at the Regular Council Meeting held on June 4, 2019 by Resolution No. 19.06.202.

This policy was amended as follows:

Amendment Date	Resolution No.	Summary of Amendment
2023-06-20	2023-06-118	Add to Section 1.3. Delete and replace Section 1.4. Add to Section 1.7. Add Section 1.11. Add Buying Group definition. Add Diverse Suppliers definition. Amend Section 4.2.

Purpose

This Purchasing Policy has the following purpose:

- a) To establish the overall direction, principles, and values that the District of Lake Country (the “District”) will follow in the procurement of its goods and services;
- b) To confirm the authorizations, approval limits and processes 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.

Policy

1. POLICY STATEMENTS AND GENERAL PRINCIPLES

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

1.1. Overall District Conduct:

The District 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.

1.2. Fair Competition:

The District shall acquire goods and services through fair, transparent and competitive processes in accordance with the legislative and trade agreement requirements. Competitive processes followed shall balance the interests of District taxpayers with the fair and equitable treatment of suppliers and contractors.

1.3. Legislation & Trade Agreement Requirements:

The District'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 Freedom of Information and Protection of Privacy Act (FOIPPA);
- The New West Partnership Trade Agreement (NWPTA);
- The Canadian Free Trade Agreement (CFTA);
- The Comprehensive Economic Trade Agreement (CETA); and
- The Canada-UK Trade Continuity Agreement (Canada-UK TCA)

1.4. Local Suppliers or Contractors:

The District recognizes that its procurement activities can have an impact on businesses/organizations within both the District and the wider Okanagan Valley, which can lead to benefits in terms of economic, environmental, and social sustainability.

For procurement of goods and services where the District's Trade Agreement obligations require a Public Competition Process, the District shall not give preferential treatment to locally-based suppliers or contractors, in accordance with its Trade Agreement obligations.

For procurement of goods and services where the District's Trade Agreement obligations do not require a Public Competition Process; the District shall, where practical and considering fair competition principles detailed in section 1.2, consider local economic and/or social/environmental sustainability criteria when selecting suppliers/contractors. Examples of such practice may include:

- Direct Award to businesses which are majority-owned/controlled by local First Nation or Indigenous Groups.
- Request quotations from local/regional suppliers through Limited Bidding.
- Include selection criteria which recognizes local social sustainability, including support for local/regional Diverse Suppliers.
- Direct Award to non-profit organizations which support local economic or social sustainability.

1.5. Record Keeping:

The District shall maintain written records of its procurement processes and decisions, 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.

1.6. Ethical Conduct:

The District shall:

- act honestly and with integrity, avoiding even the appearance of impropriety, in all 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.

1.7. Best Value Considerations:

In conducting its procurement processes, the District shall generally seek to select the 'best value' supplier/contractor, as opposed to just the lowest-priced. This means that the District shall:

- Where practical, consider overall total life-cycle cost (TLC) or total acquisition cost (TAC) when procuring 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, resale value and other factors in addition to the initial acquisition price.
- Depending on the good/service being procured, base the evaluation and selection of the supplier/contractor on both price and non-price factors as part of the competitive process. Non-price factors may include: quality, timeliness of delivery, dependability of service, standardization, ease of operation, maintenance requirements, parts availability, safety, experience of supplier/contractor, adherence or suitability for requirements, and social/economic/environmental sustainability benefits

1.8. Confidentiality & Disclosure of Information:

The District commits to the following in its procurement of goods and services:

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

1.9. Suppliers/Contractors in Legal Action with the District:

The District may, in its absolute discretion, reject a proposal or bid to a competitive procurement process if the supplier/contractor, or any officer or director of the supplier/contractor, is or has engaged directly or indirectly in a legal action against the District, its elected or appointed officers, representatives or employees in relation to any matter.

In determining whether or not to reject a proposal/bid, the District's staff will consider whether the litigation is likely to affect the supplier/contractor's ability to work with the District or representatives, and whether the District's experience with the supplier/contractor indicates that there is a risk the District will incur increased staff and legal costs in the administration of the contract if it is awarded to the supplier/contractor.

1.10. Environmental & Sustainable Purchasing:

Where practical, the District 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.

1.11. Buying Groups & Co-operative Purchasing:

The District may participate in Buying Groups, where practical and considering fair competition principles detailed in section 1.2, in order to access advantages including; reduced procurement process costs/time, and leverage of group volume to obtain preferred pricing or terms.

Where the District participates in a Buying Group, it shall ensure that all of the District's Trade Agreement obligations are met. This shall include posting of public notices on BC Bid, where required by Trade Agreements.

2. DEFINITIONS

Definitions used in this Purchasing Policy shall have the meanings as follows:

Buying Group means a non-profit organization representing two or more public sector entities and/or non-profit organizations that combine the purchasing requirements and activities of the group members into one joint procurement process.

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 District which is not available to other suppliers/contractors,
- Communicating with District employees or councillors 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'.

District means the District of Lake Country.

Diverse Suppliers means those suppliers or contractors that are majority-owned, managed, and controlled by individuals from equity-seeking groups that have historically faced barriers to employment and/or economic opportunity.

FOIPPA means British Columbia's Freedom of Information and Protection of Privacy Act.

Public Competition Process means a procurement process whereby the competition is advertised publicly and any interested supplier/contractor may submit a proposal/tender/quote.

Limited Bidding means a procurement process whereby the District invites the supplier(s)/ contractor(s) of its choice, without a publicly open process.

3. SCOPE

This Purchasing Policy applies to all District staff, District councillors and any third-party consultants hired by the District, that are involved in the procurement of goods and services for use by the District.

This Purchasing Policy governs the procurement (purchase, rental, lease) of all goods and services (including construction) purchased by the District, except for the following:

- any form of government assistance issued by the District such as grants, loans, equity infusion, guarantees or fiscal incentives;
- general expenses: District payroll and refundable employee expenses, tax remittances or customer refunds;
- payments to other government or public bodies (RCMP, library, transit); and
- land acquisitions or real estate transactions and fees.

4. PURCHASING AUTHORITIES AND PROCESSES

4.1. Role of Council:

District Council authorizes District staff to commit to contracts for the procurement of goods and services in accordance with the delegations and thresholds set-out herein, provided that:

- (a) The contract commitment is within the annual District budget that has been approved by Council resolution; and
- (b) The procurement has been conducted in strict accordance with this policy.

Any procurement that does not meet the requirements of sections 4.1 (a) and (b) of this Purchasing Policy must be approved by District Council resolution.

4.2. Delegated Purchasing Authority:

District employees are authorized to commit the District to a contract/purchase, either by signing a contract document, issuing a Purchase Order (PO), or using a Purchasing Card, in accordance with the following authority limits:

Staff Position	Authority to Commit Up To:
Chief Administrative Officer (CAO)	Unlimited (must be within annual budget approved by Council)
Chief Financial Officer (CFO)	Unlimited (must be within annual budget approved by Council)
Department Directors	\$100,000
Department Managers	\$50,000
All Other District Staff	As by Department Director (not to exceed \$5000).

Notes:

- “Authority to Commit” shall include the total value of all commitments made in the contract, including any future years or options committed to (if applicable). Values shall exclude GST.
- The above delegations are for the commitment to contract only, and do not apply to approval of invoice/cheque payments. Limits and roles for the approval of invoice/cheque payments may be different and will be determined in accordance with the Finance Department’s Payment Approval Authority list.
- The District’s general practice shall be that the individual who signs the contract commitment will be different to the individual who signs and approves invoice payments against that contract commitment. A 2nd signature by the Department Director may be required on the contract/commitment, where that commitment is to be signed by the CAO or CFO.
- Any amendments to a contract/commitment (including ‘Change Orders’ on contracts) must be approved in writing by the same Staff Position that authorized the original contract/commitment. The

original contract signatory may pre-approve in writing a total ‘not to exceed’ value limit for Change Orders, which may then be executed by District staff if, as, and when required.

- To enable departments to operate efficiently and effectively, Department Directors have authority to reallocate funds within their operating budget for which they are responsible. In doing this, Directors must manage and ensure that the gross and net expenditures remain within the council approved budget.

4.3. Purchasing Thresholds & Process Requirements:

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

Value of Procurement* & Procurement Type:		Procurement Process to Be Followed:	Commitment Method:
Goods or Services	Construction Projects		
Less than \$15,000	Less than \$15,000	Direct Award: <ul style="list-style-type: none"> • No competitive quotes required. • Direct Award to single supplier, employing lowest price or best value analysis as appropriate. 	District Purchasing Card, Standing Purchase Order, or PO
\$15,000 to \$25,000	\$15,000 to \$25,000	Informal Quotes Required: <ul style="list-style-type: none"> • Request minimum of 3 verbal or written quotes. • Award to either: <ul style="list-style-type: none"> ○ the lowest priced quote; or ○ the ‘best value’ quote. Note: award method, and factors that constitute ‘best value’ (if using), is to be shared with suppliers upon quote invitation.	PO or Small Contract (depending on risk)
\$25,000 to \$75,000	\$25,000 to \$200,000	Limited Bidding: Formal Quotes/Bids Required: <ul style="list-style-type: none"> • Request minimum of 3 written quotes/proposals/bids using: email quotes, Request for Quotation (RFQ), Request for Proposal (RFP) or Invitation to Tender (ITT). Process is by Limited Bidding. • Construction Projects must use formal RFQ, RFP or ITT when >\$100,000. • Award based on lowest quote received or any evaluation criteria set in RFQ/RFP/ITT. 	PO or Small Contract (depending on risk)

Greater than \$75,000	Greater than \$200,000	<p>Public Competition Process:</p> <ul style="list-style-type: none"> • Solicit proposals/bids through Public Competition (open to all) using**: Request for Proposals (RFP); Invitation to Tender (ITT); Pre-Qualification (Pre-Qual); or Notice of Intent (NOI). • Award based on evaluation criteria set in process. • Advertise publicly, including on BC Bid. 	Contract
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* District staff shall base the value of the procurement on reasonable estimates, considering all future years and options that the District will potentially commit to, as applicable. Procurements shall not be split or separated into parts with the intention of avoiding process requirements.

** A Pre-Qualification Process, which is open to all, may also be used to meet the Public Competition Process requirement. This could then be followed by a Limited Bidding process with pre-qualified bidders only.

4.4. Exceptions to Purchasing Process Requirements:

While still covered by this Purchasing 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 Bidding at the discretion of the individual that holds authority to commit (as detailed in section 4.2):

- (a) Professional Consulting Services (i.e. persons that are licensed or certified in their professional capacity such as engineers, surveyors, architects or business consultants) where the total commitment is less than \$75,000. Note: Direct Award of Professional Consulting Services must be due to one of the following reasons:
 - (i) Time is of the essence and the Consultant has knowledge or skills which are needed quickly;
 - (ii) The Consultant has a specialized skill or knowledge which others do not have;
 - (iii) The Consultant has been previously engaged by the District 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. (note: use of this exception (a) (iii) is limited to a maximum of three additional stages on the same project).
- (b) Legal or notary services.
- (c) Goods or services for promotional reasons (e.g. promotion of tourism or civic business).
- (d) Construction of, or investment in, water systems and related services where the total commitment is less than \$250,000.
- (e) Health services and social services.
- (f) Goods intended for resale to the public.
- (g) From philanthropic institutions, prison labour or persons with disabilities.
- (h) From non-profit organizations or public bodies.
- (i) 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 the public interest.
- (j) Where an unforeseeable situation of urgency exists, and the goods or services cannot be procured in-time using the required process. Note: any use of this exception requires prior approval by the CAO when the commitment value is to exceed \$75,000.
- (k) Where it can be demonstrated that only one supplier is able to meet the requirements of a procurement (e.g. need for goods to match to existing proprietary software/equipment).

- (l) In the absence of receipt of any bids which meet the requirements of a public RFP or Tender process.
- (m) Treasury services.
- (n) Agreements as part of sporting or convention facilities.
- (o) Procurements from First Nations or Indigenous Groups, where allowed for under Trade Agreement requirements.

4.5. Emergency Expenditures:

Notwithstanding any of the authority or process requirements established in this Purchasing Policy; in the event of a public emergency as determined by the Chief Administrative Officer (CAO), the CAO has the authority to expend whatever funds are reasonably necessary to address the emergency situation. Prior to expending or committing to such funds, the CAO shall use his/her best efforts to contact the District Mayor or Deputy Mayor and advise them of the nature of the emergency and the amount of funds to be expended or committed.

4.6. Conflict of Interest with Suppliers/Contractors:

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

- (a) District employees shall exercise caution when there is a possibility or perception of conflict of interest with a contractor/supplier, or potential contractor/supplier;
- (b) District 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;
- (c) No District 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 District for goods or services, unless it is disclosed and approved in writing by the Chief Financial Officer; and
- (d) If a District employee or Councillor has a potential conflict of interest as outlined in (b) or (c) above, 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 or contractors who have a conflict of interest with a District employee or Councillor 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 District no longer needs, shall be disposed of through one of the following methods, as approved by the Chief Financial Officer:

- Re-use by another District department.
- Direct Scrap: where staff will arrange for disposal at the nearest landfill or appropriate recycling facility for items deemed of no value.
- Auction sales including electronic auctions such as BC Shared Services.
- Sale by Bid Process where competitive bids are sought through a publicly advertised process.
- Trade-ins where the surplus equipment is included in a competitive process for the procurement of new equipment, as part of a trade-in arrangement.

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

6. REFERENCES AND LINKS

- 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): <http://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/index.aspx?lang=eng>

ADOPTED this 4th day of June, 2019.

AMENDED this 20th day of June, 2023.

Original signed by Blair

Mayor

Original signed by Reyna Seabrook

Corporate Officer