



CENTRAL COAST REGIONAL DISTRICT

DATE: March 06, 2014

TO: Darla Blake, CAO

FROM: Donna Mikkelson, CFO

SUBJECT: (NEW) POLICY A-26 – PURCHASING AND PROCUREMENT

RECOMMENDATION:

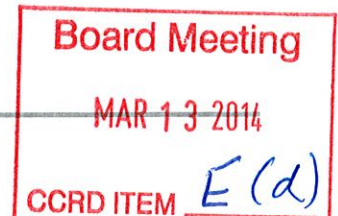
THAT Policy A-26 – Purchasing and Procurement be adopted as presented (or as amended).

BACKGROUND:

The purpose of Policy A-26 is to minimize risk, define and provide appropriate oversight of purchases and procurement, control expenditures, and maintain fiscal responsibility while providing flexibility, efficiency and consistency in all departments of the District.

The regional district has several policies in place which have sometimes been at odds with each other. In order to have all purchasing, tendering and procurement under one policy, the following is required:

1. Repeal Policy A-1 – Public Tendering of Major Capital Projects. The policy, adopted in 1994, is outdated. Relevant sections that should be retained have been included in the new policy.
2. Repeal Policy A-15 – Contract Awards, Contract Amendments and Contract Management. This policy was originally adopted in 1997, and reviewed in 2004. It too, is outdated and prevents flexibility and timeliness in the day to day operations of the District.
3. Repeal Policy F-12 – Purchase Authorization. Although this policy is more recent (2011), the contents have primarily now been included in the new policy in order to broaden the scope to include procurement and to modify where flexibility was lacking or where conflict otherwise has occurred.



4. Amend Policy F-14 Payables Procedure. As the name implies, this policy establishes procedures, duties and responsibilities for the handling of vendor payments. Due to the repeal of Policy F-12, minor amendments are necessary to make correct reference to the new policy.

Respectfully submitted,



Donna Mikkelson, CFO

**CENTRAL COAST REGIONAL DISTRICT
POLICY A-26 – PURCHASING AND PROCUREMENT**

PREAMBLE:

It is recommended that a purchasing policy be put in place which will provide a purchase threshold above which board approval is required to authorize purchases and which will ensure expenditures do not exceed the annual budget.

It is also recommended that a procurement policy be put in place to define procurement methods and tools and to ensure compliance with regulations and legislation.

PURPOSE:

The purpose of this policy is to minimize risk, define and provide appropriate oversight of purchases and procurement, control expenditures, and maintain fiscal responsibility while providing flexibility, efficiency and consistency in all departments of the District.

POLICY

The Central Coast Regional District is committed to obtaining the best possible value for its citizens on all purchases, through an open, fair, respectful, equitable and competitive opportunity for meeting district objectives.

The District will ensure that major acquisitions comply with legal requirements under the Local Government Act, the Community Charter, the Agreement of Internal Trade (AIT), the Trade Investment and Labour Mobility Agreement (TILMA), and the Freedom of Information and Protection of Privacy Act (FOIPPA) with respect to disclosure of information, and district bylaws.

The CCRD will seek to obtain the efficient and effective acquisition of good and services, products and materials as required while maintaining a high degree of equal opportunity to compete for the District's business.

SELECTION CRITERIA

Goods, services, equipment and materials purchased on behalf of the District will be selected on the basis of what is determined to be in the best interest of the District. While the price of the services, products or materials is important, the following will also be considered:

- Quality of workmanship and/or products required
- Related experience

- Dependability of service and warranties
- Financial stability
- Environmental impact
- Innovation and efficiencies
- Standardization with other District equipment
- Timely delivery of the service
- Delivery or shipping costs
- Associated maintenance or training costs
- Availability and suitability
- Ease of operation
- Resale or residual value and cost of disposal

FINANCIAL PLAN:

All purchases and procurement shall be included in the District's Five-Year Financial Plan as approved by the board of directors. Expenditures not contemplated in the financial plan constitute unlawful expenditures and are expressly prohibited.

PURCHASING/PROCUREMENT METHODS OR TOOLS

The purchase of goods or services can be made in accordance with this policy using any of the following methods, as determined by the Chief Administrative Officer (CAO) who will consider:

- the timing of the goods and/or services,
- complexity
- existing bylaws and policies,
- risk, and
- cost

Some exceptions apply to the following methods of procurement as listed on Schedule 'A' to this policy.

1. Direct Acquisition:

Employees are encouraged to obtain two or more verbal or written quotes where practical, however, goods or services that have an estimated cost of up to but not exceeding \$4,000 may be purchased directly from a supplier by the authorized purchaser who has authorization to expend the funds.

2. Written Quotations:

For goods and services that have an estimated cost of between \$4,000 and \$10,000 the authorized purchaser is required to ensure that a minimum of two written quotes are received and documented.

3. Invitation to Tender

Invitation to tender is used for the purchase of goods or services in response to competitive bidding. The invitation to tender describes in significant detail the specification being sought and provided. It is a formal request for sealed bids for the supply of specific goods or services through an advertised invitation and may be opened in public. Tender submissions may be evaluated and scored based on a combination of a price proposal and a statement of qualifications. This process forms complex legal obligations

4. Request for Proposals:

RFP's are used for the purchase of good and services where there are no specifications, or when the District is searching the market place for new or innovative ideas and has made a decision not to use specifications. It describes an opportunity or problem and asks for solutions and costs for those specific opportunities or problems, and is a formal request for sealed submissions.

5. Expressions of Interest:

Expressions of interest are used to survey the marketplace for firms interested in an opportunity to be short listed to receive a tender, request for proposal from the District, or to request interested contractors to register with the District as an hourly rate contractor.

6. Group Purchasing:

The District will participate in group purchasing when it meets the District's best value selection criteria and where it is in the District's best interest to do so. Group purchasing is restricted by the purchasing limits in this policy. The District may participate with other government agencies, public authorities or private organizations in co-operative acquisition ventures where it is in the best interest of the taxpayer to do so and may follow the procedures set out by the group responsible for the venture.

7. Single Source Procurement:

District personnel are authorized to approve purchases:

- (a) where only one firm can supply the good or service, or
- (b) when the market is controlled by a statutory or natural monopoly, or
- (c) to ensure compatibility with existing technology, or
- (d) in cases where the need is under a tight timeline or otherwise necessary immediately (such as in the case of a change of scope),
- (e) when there is provision of consistent services, previous experience with or exclusive knowledge of a project or system,

(f) where the value does not exceed \$50,000

Whenever possible, fair and equitable competition will be encouraged and developed.

8. Hourly Rate Equipment and Services:

A list of registered contractors will be maintained and updated through a regular Request for Expressions of Interest. Hourly rate services may be procured directly from this list of eligible contractors and will be subject to the selection criteria listed on page 1. If, after a review of eligible contractors, there are more than one contractor that can offer equal value to the District, a random selection system will be employed to select the contractor to undertake the required work.

Procurement of services on an hourly basis will be limited to situations where, due to the size of a project, it is not economical or feasible to enter into a tendering process or where the scope of the work is not clearly identifiable, or where ongoing direction is required by District personnel.

9. Capital Purchases, including Land:

Capital purchases, including land acquisitions shall be conducted only with the approval of the Chief Financial Officer pursuant to existing policy. See Asset Gains/Disposals and Capitalization Policies.

PURCHASING AUTHORITY LIMITS:

Amount	Authorized Purchaser
Up to \$500	Administrative Assistant
Up to \$500	Other authorized purchaser (Pool manager, commissioner, fire chief)
Up to \$4,000	Senior Administrative Assistant
Up to \$4,000	Public Works Manager
Up to \$50,000	Chief Financial Officer/Chief Administrative officer
Above \$50,000	Board of Directors

*Note: Nothing in this policy or in the purchasing limits as presented above provides for purchasing of goods or services which are not contemplated in the financial plan as approved by the board of directors, except where unbudgeted resources have otherwise been provided as determined, confirmed and approved by the CFO or the CAO.

EMERGENCY PURCHASES:

In the event of an emergency such as a natural disaster where it is impossible to obtain the necessary authority in a timely manner, the CAO or CFO shall have the authority to bypass policy and procedures. All such violations shall be reported immediately to the Chair of the board of directors.

WORKSAFE BC:

Subject to a risk assessment of the CAO or the Public Works Manager, all contracts for service to be provided on CCRD property require the contractor to provide proof of registration and good standing, where applicable, and remain in good standing with WorksafeBC through the terms of their contract. In the event the contractor is not registered with WorksafeBC, premiums applicable to the contract may, at the direction of the CAO, be paid on the contractor's behalf.

INSURANCE:

Subject to a risk assessment of the CAO or the Public Works Manager, all contracts for services to be provided on CCRD property require the contractor to provide and maintain their own insurance coverage acceptable to the CAO including but not limited to commercial general liability (\$2,000,000), auto, property/all risk and professional liability. The risk associated with each contract varies and accordingly the CAO 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.

Notwithstanding the insurance requirements noted above, contractors or others undertaking work at airports owned and operated by the District are required to carry Commercial General Liability Insurance coverage and must disclose airport work to his/her own insurer for endorsement to show the Central Coast Regional District as an Additional Insured for the project being undertaken. The amount of the Commercial General Liability will be determined by the CAO and is dependent on the nature of the work required and the risk involved, but is generally recommended to be in the order of \$2,000,000. The contractor must provide proof of liability insurance prior to commencing work at airports.

AGREEMENT ON INTERNATIONAL TRADE (AIT)

Local governments in Canada are required to comply with Annex 502.4 of the Agreement on Internal Trade, the purpose of which is to eliminate inter-provincial trade barriers.

TRADE INVESTMENT AND LABOUR MOBILITY AGREEMENT (TILMA)

TILMA applies to all government procurement and requires open and non-discriminatory procedures in the purchase of goods or services of \$75,000 or greater, and for construction of \$200,000. Advertising is required by posting through an electronic tendering system such as BC Bid (<http://www.bcbid.gov.bc.ca/>).

FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY

This policy is subject to the provisions of the Freedom of Information and Protection of Privacy Act with respect to the disclosure of information.

PROHIBITIONS:

Unless the CAO determines otherwise, the following activities are prohibited:

- (a) To fulfill the objectives of the purchasing and procurement policy, the division of a single purchase into multiple increments to circumvent the policy or level of authority;
- (b) purchase or procurement of goods and services from any member of the board of directors, appointed officers, employees of the District or from any other source that would result in a conflict of interest; and
- (c) purchase by the District of any goods or services for personal use by or on behalf of any member of the board of directors, appointed officers, or employees of the District.

Date: March 13, 2014

SCHEDULE 'A'
TO PURCHASING AND PROCUREMENT POLICY A-26

EXCEPTIONS:

For clarity, when the board of directors:

- (a) approves or authorizes specific projects by resolution or bylaw, or
- (b) endorses or ratifies an agreement with another party, or
- (c) provides the CAO (or designate) with the authority to approve or endorse a contractual agreement,

that authorization, resolution or bylaw shall constitute purchasing authority for that project, regardless of individual payment amounts.

Similarly, if the board of directors ratifies or causes to be ratified a contract or fee for service agreement, those payments associated with fulfilling the contractual obligations of the District will not require additional authorization by the board of directors. Authorization for such expenditures shall be the responsibility of the CAO or designate on behalf of the board.

The following are exempt purchases that may be directly acquired, despite exceeding the value specified in the "Procurement Methods" section of this policy:

- Legal fees
- Utilities (telephone, hydro)
- Fuel/furnace oil
- Insurance Premiums, including vehicles
- Payroll and payroll liabilities and employee benefits
- Training and education, professional development
- Conference and convention fees and registration
- Debt payments (Municipal Finance Authority)
- Quarterly/annual payments for provision of library services to VIRL
- Engineers of Record

Presented: March 13, 2014