



POLICY #1380

TITLE: PURCHASING POLICY
ADOPTED BY: Council

ORIGIN: Administration
REVIEWED BY: City Council
JURISDICTION: City of Humboldt

EFFECTIVE DATE: May 24th, 2017 **AMENDED:**
PAGES: 7

1.0 PURPOSE

The purpose of this policy is to establish general guidelines for the City of Humboldt for the purchase of goods, services and work.

2.0 DEFINITIONS

Contract – A written document containing all terms and conditions, signed by both parties to the contract for goods and services to be delivered. Example of contracts can include leases, service contracts, and public private partnerships.

Consultant – includes individuals and firms who provide professional services, reports, opinions and recommendations in areas that the City has limited or no existing resources in. For the purpose of this policy, consultant will not include those who perform day to day functions as an extension of in-house resources or those who are retained for on-going municipal operations.

Request for Proposals – A request to vendors to submit a proposal without the City setting rigid specifications. Requests for Proposals are intended to allow new or innovative solutions to meet the City's need.

Multiple Party Acquisition – Where multiple outside organizations participate in procuring goods or services together.

Public Tender – A process requiring documents which contain the specifications and conditions on which the City will enter into a contract with the bidder to be publicly advertised and opened at the close of the tender.

Quotations – The process of soliciting prices from selected vendors for required goods or services via telephone, email, fax or other acceptable methods.

Sole Source Purchase – An agreement for goods, services or work without first advertising or obtaining multiple quotations.

3.0 ACQUISITION OF PRODUCTS AND SERVICES

3.1 When the City decides to purchase goods or services, it shall be done through a competitive acquisition process. The monetary amounts for the acquisition process is as follows:

- a. All purchases up to \$2,500 shall have a minimum of two verbal / facsimile / online / in-person / e-mail or similar quotes from vendors that provide the necessary services and products;
- b. All purchases between \$2,500 and \$20,000 shall have a minimum of three written, electronic or facsimile quotations from vendors that provide the necessary services and products
- c. Public tendering, request for proposals or requests for quotes must be used for all purchases exceeding \$20,000.
- d. All purchasing process shall comply with the requirements of the New West Trade Partnership Agreement.

3.2 Sole source contracts can be awarded used under the following circumstances:

- (i) Where there is no response to a competitive process;
- (ii) To ensure compatibility with existing products and services, to recognize exclusive rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
- (iii) To purchase an item for testing or trial use;
- (iv) Where goods or services are in short supply due to market conditions, including geographic limitations and lack of competition;
- (v) To purchase an item directly for resale;
- (vi) To exercise a purchase option under a rental contract;
- (vii) Where an emergency situation arises that could affect the health and safety of any person, or threaten public or private property or the environment, or adversely affect City operations.
- (viii) Where goods and services relating to matters of a confidential or privileged nature are required and disclosure of these matters could reasonably be expected to compromise confidentiality, cause economic disruption, or otherwise be contrary to the public interest.

(ix) Any other situation where, with Council approval, it is deemed to be in the best interests of the City to do so.

- 3.3 The City shall make reasonable efforts to solicit quotes, tender submissions and requests for proposals from local suppliers when qualified local suppliers exist.
- 3.4 The minimum advertising period for all tenders and request for proposals subject to 3.1 c above shall be 10 business days unless stated differently in provincial legislation.
- 3.5 Multiple Party Acquisition of goods and services is permitted under this policy providing the lead party to the procurement process follows a process in a manner similar to the requirements of Section 3.1;

4.0 ACQUISITION AUTHORIZATION LEVELS

- 4.1 With the exception of clause 4.5, the provision for all purchases of goods, services or works must be provided for in the current operating or capital budgets
- 4.2 Department Directors shall ensure that all purchase requests are formally documented and conform to the spending authorization levels detailed in 4.4 hereunder.
- 4.3 Department Directors may designate signing authority to appropriate staff and are responsible to ensure proper control is maintained within their respective departments.
- 4.4 Staff shall not exceed the following levels for purchases and awards of contracts without the authorization of their immediate supervisor:
 - a. Non-Supervisory Union Staff – Up to \$500 per event or transaction;
 - b. Supervisors and Middle Management – Up to \$5,000 per event or transaction;
 - c. Department Directors – Up to \$20,000 per event or transaction;
 - d. City Manager - Up to \$75,000 per event or transaction;
- 4.5 The City Manager, may expend up to a maximum of \$75,000 on emergency, unbudgeted purchases, when, due to the nature and timing of a situation, it is

not practicable to acquire goods, services or work through the normal purchasing process.

4.6 City Council shall award contracts where:

- (a) The lowest recommended bid exceeds the approved budget;
- (b) Funds have not been provided for in the approved budget, with the exception of purchases made under clause 4.5;
- (c) The amount of a sole source contract exceeds \$10,000.00.
- (d) The contract award is of a controversial nature.
- (e) The City Manager, for any reason, refers the award of the contract to City Council.
- (f) The Contract is for \$75,000 and greater.
- (g) Multi-year contracts pursuant to Section 9.
- (h) The initial upfront cost is \$2,500 or more for a product or service that is tied to an ongoing maintenance contract pursuant to Section 9.3.

5.0 SPECIFICATIONS

5.1 Department Directors, or their designate, shall be responsible for preparing tender specifications, and any changes thereto.

5.2 Department Directors shall ensure that tender specifications, or changes thereto, are as broad as practicable to assure competitive bids and should provide for equivalents and/or approved alternates in an effort to increase competition.

5.3 Where applicable, tender specifications, or changes thereto, should take into account ongoing operating costs associated with the product or service including the potential costs related to downtime associated with the maintenance or repair services.

5.4 All criteria that will be considered and analyzed in the award of a tender shall be clearly set out in the tender document.

6.0 TENDER / BID / PROPOSAL ACCEPTANCE CRITERIA

6.1 In all cases, the City reserves the right to refuse any or all tenders, bids or proposals.



- 6.2 Where the City decides to accept a tender or bid, it shall accept the lowest qualified tender or bid meeting its specifications, unless the tender documents set out additional and/or other acceptance criteria.
- 6.3 A qualified tender means that in the opinion of the City, the tenderer or bidder has the expertise and ability, physically and financially, to supply or perform the goods, services or works tendered or bid, and whose past performance or references are satisfactory to the City.
- 6.4 In the case of requests for proposals, the City shall accept the proposal which, in the opinion of the City, best meets the requirements of the City, unless the proposal documents set out additional and/or other acceptance criteria.

7.0 WITHDRAWING OR AMENDING BIDS

- 7.1 Any tender or bid may be withdrawn or amended by the bidder prior to the close of tenders or bids.

8.0 CONFLICT OF INTEREST

- 8.1 No city employee shall place himself/herself or another in a position of advantage or conflict of interest when acquiring goods and services on behalf of the City. Potential conflicts should be referred to the appropriate Director or City Manager in advance for clarification.

9.0 CONTRACT LENGTH

- 9.1 Subject to the provisions of Section 3, a Department Director may structure a bid / tender / request in a manner such that the successful vendor will supply the desired product(s) / service(s) for a term of up to one-year.
- 9.2 With the total anticipated cost of the contract subject to the provisions of Section 3, a Department Director may structure a bid / tender / request in a manner that the successful vendor will supply the desired product(s) / service(s) for a term of up to five-years. All multi-year agreements require the approval of City Council.



9.3 It is not uncommon for products and services like software to have an initial up-front cost with ongoing maintenance or service costs. Contracts for products and services similar to this with an initial cost of \$2,500 or more that are anticipated to have ongoing maintenance agreements, must be approved by Council.

10.0 EXCEPTIONS

10.1 This policy does not apply to the purchase of the following goods or services:

- (a) Utility contracts where no competition exists (i.e. power, water, etc.);
- (b) Land sales and land purchase contracts;
- (c) Contracts or agreements relating to employee compensation, reimbursements, training, education, etc.;
- (d) Any other items or services, which due to their nature do not lend themselves to quotation, public tender or Request for Proposal processes.
- (e) Ongoing subscriptions, maintenance, operating and service contracts after the initial contract has been approved subject to Section 3, and Section 4.

11.0 DISCLOSURE OF INFORMATION

11.1 The City will not disclose the names or total number of bidders prior to the closing of tender bids, except when it is deemed to be in the best interest of the City to do so.

11.2 Tender openings will be done in a public manner.

11.3 The City will make pricing information, including the unit pricing and total contract value, of the successful bidder publicly available.

11.4 Requests for Proposals will not be opened publicly. Requests for proposals will be opened in a process where each submission is witnessed and dated. The evaluation results utilized to determine the award of contract will be made publicly available.

11.5 Details of Request for Proposal documents will only be made available subject to a request and pursuant to The Local Authorities Freedom of Information and Protection of Privacy Act.

11.6 Quotations received shall be documented in a manner that they can be made publicly available if requested.

12.0 GENERAL

12.1 All contracts above \$20,000 in value shall be reported back to Council in summary form as part of the annual reporting for Council information.