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www.summerland.ca

Council Policy

Procurement Policy

Established: January 27, 2020

Contact Department: Procurement

1. PURPOSE

The District of Summerland (the "District"), in the performance of its duties and responsibilities, must engage in the Procurement of Goods and Services (including Construction). This policy:

- a) Establishes the overall direction, philosophies, and values that the District will follow in the Procurement of Goods and Services.
- b) Outlines the roles, responsibilities, and processes that will be followed in the Procurement of those Goods and Services.
- c) Sets the process that will be followed for the disposal of surplus Goods.

2. SCOPE

This policy applies to all District Procurement activities. Certain general expenditures are exempt from the Procurement processes set out in this policy and they can be found in Schedule B of this policy.

3. OBJECTIVE

This policy serves to ensure that the District's Procurement activities will:

- Be fair, transparent, accountable and consistent;
- Maximize long-term value for the District and its citizens;
- Advance the District's commitment to Economic, Environmental, and Social Sustainability by supporting the acquisition of sustainable products and Services; and
- Meet the requirements of applicable legislation, relevant trade agreements, public sector Procurement standards, and competitive bidding law, as applicable.

4. PRINCIPLES

The following general statements and principles apply to how the District must conduct its Procurement activities:

4.1. Overall District Conduct

The District commits to creating and maintaining a high level of confidence in its Procurement activities by ensuring integrity, transparency, accountability, efficiency and consistency in how it conducts its processes.

4.2. Legislation & Trade Agreement Requirements

The District's Procurement activities must comply with the authorities and obligations of:

- The District's policies and bylaws.
- Applicable legislation, including the *Local Government Act*, *Community Charter*, *Freedom of Information and Protection of Privacy Act (FOIPPA)*, and all other provincial and federal laws and regulations that apply to the Procurement of Goods, Services and Construction.
- Applicable trade agreements, including the *New West Partnership Trade Agreement (NWPTA)*, *Canadian Free Trade Agreement (CFTA)*, *Comprehensive Economic Trade Agreement (CETA)*, and any other trade agreements that come into force that are binding on the District.

4.3. Ethical Conduct

Employees must:

- Act honestly and with integrity in all Procurement and related activities.
- Adhere to good ethical standards in all Procurement and related practices.

4.4. Conflict of Interest

A conflict of interest arises under circumstances where an individual's personal affairs or financial interests have the potential to compromise or bias professional judgment and objectivity ("Conflict of Interest").

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

- District employees shall exercise caution when there is a real, perceived, or potential conflict of interest with a vendor or potential vendor.
- District employees involved in a procurement process, either directly or indirectly, must notify the Manager of Procurement & Contract Administration of any real, perceived, or potential conflict of interest.
- No District employee or council member, 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 Administrative Officer (CAO), or in the case of the employee being the CAO, then approval of the Mayor.

- If a District employee or council member has a real or potential conflict of interest:
 - a) Measures shall be taken to ensure that the employee or council member with the conflict does not have any influence whatsoever over the procurement process and/or contract decision; and
 - b) No direct award shall be made to any vendor with a real or potential conflict of interest, regardless of the value. Vendors to which a District employee or council member has a conflict of interest will only be selected to provide goods or services if they are selected based on a transparent evaluation from a competitive procurement process.

Employees will not place themselves in a position of obligation or appearance of obligation by soliciting or accepting gifts, discounts, hospitality or other benefits from Suppliers or potential Suppliers, or from other sources where such benefit could be perceived to influence an individual's judgment. Notwithstanding the foregoing, if not personally benefitting the Employee, and not compromising or appearing to compromise the integrity of the Employee concerned, items of minimal value (i.e. under \$25) are not considered a Conflict of Interest.

4.5. Fair Competition

The District will acquire Goods and Services through fair, transparent and competitive processes in accordance with legislative and trade agreement requirements. Competitive processes followed will ensure fair and equitable treatment of Suppliers. The District will strive to ensure that Suppliers have fair and equal access to information. Any information made available to a potential Supplier that may influence a response to a Procurement process will be made available to all interested Suppliers. The District will ensure that Procurement processes are objective and that all Submissions are treated in the same manner and given equal consideration.

The District promotes Open Competitions on the District website, at a minimum, to encourage competition, to give all businesses equal opportunity to compete for larger contracts, and to achieve best value. The District may also post Open Competitions to external third-party sites, at the District's discretion or where required by trade agreements. The District does not discriminate or exercise preferential treatment.

4.6. Transparency

All evaluation criteria must be clearly disclosed in Competitive Procurement documents. The District will apply a clear and logical process when evaluating Submissions. The District will maintain consistency in all processes and actions.

In accordance with trade agreement obligations, the District will post contract award results for Open Competitions and provide feedback to unsuccessful respondents upon request.

4.7. Conditions for Participation

The District may choose to exclude doing business with Suppliers who do not possess the legal and financial capacities or commercial and technical abilities to undertake the relevant Procurement. The District may disqualify Suppliers who have demonstrated poor past performance through significant or persistent deficiencies in performance of any substantive requirement or obligation under a prior contract or contracts, or who have made false or misleading declarations. The District may reject Suppliers on the basis of professional misconduct or acts or omissions that adversely reflect on the commercial integrity of the Supplier or final judgments in respect of serious crimes or other serious offences.

4.8. Confidentiality

Information provided by a Supplier during a Procurement process is subject to the requirements of applicable legislation and governing trade agreements and may be released in accordance with the District's obligations under FOIPPA. A Procurement document may contain additional provisions for disclosing information provided by Suppliers (e.g. public openings or posting of unverified bid results). Contract awards are public information.

4.9. Documentation

The District will maintain written records of its Procurement processes, in order to support:

- Audits of Procurement practices.
- Any required release of information under FOIPPA.
- Timely and useful debriefs to participants of Competitive Procurement processes, as required under applicable trade agreements.

All Procurement documentation, as well as any other pertinent information, will be maintained, retained and disposed of in accordance with the Local Government Management Association of British Columbia's *Records Management Manual for Local Government Organizations*.

4.10. Best Value Considerations

The District encourages the consideration of overall cost and value in the Procurement of Goods and Services. The District will consider and evaluate the relevance of price and non-price factors before starting a Competitive Procurement process.

Where practical, the District will consider the total costs when planning Procurement of Goods and Services, as opposed to only considering the acquisition price. Total costs may include, but not be limited to, acquisition price, disposal cost, residual value, training cost, maintenance cost, product performance, product efficiency, and useful life of the product.

Non-price factors may include quality, delivery time, warranty, team expertise, relevant experience, service standards, Sustainability, innovation, and other criteria relevant to determining the best overall value.

The District may participate with other government agencies or public authorities in cooperative acquisition ventures for joint Procurement and purchases where efficiencies and best value may be achieved. The District will leverage vendor of record arrangements and corporate supply arrangements where appropriate.

4.11. Sustainability & Social Procurement

The District intends to formally recognize and reward, within the Supplier selection process, excellence and innovation among Suppliers who demonstrate leadership in Sustainability, environmental stewardship and fair labour practices, and to balance these considerations with cost and quality. Where appropriate, the District will set minimum specifications, evaluation criteria, and contractual requirements that recognize Environmental Sustainability, Economic Sustainability, and Social Sustainability, such as:

- Giving a preference when feasible to Goods and Services that represent a non-carbon alternative, are carbon neutral or that minimize greenhouse gas emissions and thereby contribute to reducing the carbon footprint of the District and our community.
- Purchasing products with increased energy and resource efficiency wherever possible, such as equipment that complies with Energy Star or Natural Resources Canada Office of Energy Efficiency guidelines and recommendations.
- Providing a preference to feasible Goods and Services that consider climate adaptation and resilience over time.
- Stating a preference for reusable, remanufactured, recycled, or Zero Waste products, when possible.
- Stating a preference for minimal and recyclable packaging.

- Purchasing products, including cleaning supplies and chemicals, that minimize exposure of building occupants and maintenance personnel to potentially hazardous chemical, biological and particle contaminants which may adversely impact air quality, health, building finishes and systems, and the environment.
- Purchasing recyclable, durable, and long-lasting products.
- Using, where appropriate, an evaluation model that evaluates the Life Cycle Cost or Total Cost of Ownership of a product and service.
- Where appropriate, leveraging social value from procurements (“Social Procurement”). This may be achieved by rewarding Suppliers whose businesses have positive social impacts, benefit Equity-Seeking Communities, and encourage Social Sustainability—such as Social Enterprises, Diverse Suppliers, and Suppliers that contribute to Workforce Development—or by building community benefits into agreements.

Within the parameters of applicable trade agreements and legislation, the District will seek to identify opportunities where Procurement activities may serve to leverage District goals related to local economic development and support the development of an environmentally and socially sustainable local economy.

5. AUTHORITY

5.1. Role of Council

Council approves capital and operating expenditures in their financial plan and through the annual budget process, thus providing strategic direction to staff on projects before Procurement processes are initiated.

Through this Procurement Policy, Council directs how the District conducts its Procurement activities. This includes delegating authority to make financial commitments and incur expenditures in accordance with the delegations and thresholds set out herein, provided that:

- the Procurement is within budget in the current financial plan, as approved or amended by Council; and
- the Procurement has been conducted in accordance with this policy.

5.2. Delegated Procurement Authority

In accordance with Section 5.1, Employees are authorized to approve Procurements and incur expenditures in accordance with the following authority limits:

Position	Authority Limit:
Chief Administrative Officer	Unlimited
Director of Finance	Unlimited
Senior Manager	Under \$100,000
Managers	Under \$25,000
Authorized Employees	Under \$2,500

Notes:

- The limits include any taxes that are paid from the budgeted general ledger code, including PST, but do not include GST.
- An approver must have authority for the budget account that is funding the Procurement. The CAO and Director of Finance have authority over all accounts and may approve Procurements that exceed individual Manager or Senior Manager limits.
- Purchases or commitments must not be made where budget over-expenditure will result. It is the responsibility of each Manager to ensure that this requirement is complied with.
- A delegation under this policy includes a delegation to a person who is from time to time the lawful deputy or designate of the delegate.
- In the case of an absence where there is no deputy or designate, the next higher level of management may authorize. An individual's authority may be designated to another exempt position on a temporary basis (fully or partially) to adequately exercise that authority in their absence; in this case, the individual or their Manager is required to notify Finance.
- The provisions of this policy are subject to any overriding requirements of the *Community Charter* or *Local Government Act* with respect to specific purchases or commitments, or with respect to the approval of certain kinds of contracts.

5.3. Commitment Authority

Purchase orders may be produced and signed by designated staff upon receipt of an appropriately authorized purchase requisition. Contracts must be signed by any two authorized Signing Officers.

5.4. Procurement Thresholds & Process Requirements

The District encourages conducting a Competitive Procurement process when procuring Goods or Services of any value. At minimum, the District should conduct competitive processes in accordance with the following thresholds:

Procurement Value	Procurement Process
Under \$5,000	One or more quotes
\$5,000 to < \$25,000	Informal Quotes*
\$25,000 to < \$75,000 (up to \$200,000 for Construction)	Invitational Competition*
\$75,000 or over for Goods or Services (excluding Construction)	Open Competition*
\$200,000 or over for Construction	Open Competition*

**See Schedule A: Definitions for the requirements*

The above thresholds include PST but exclude GST.

Vendor of record arrangement and corporate supply arrangement that have been competitively procured for public sector use in accordance with the requirements of applicable trade agreements fulfill the obligation for Invitational or Open Competitions.

Note: For Invitational Competitions, Open Competitions, or where an award decision will involve more than price alone, the Manager of Procurement & Contract Administration will be involved in the Procurement process. The Director of Finance is to be consulted in the absence of the Manager of Procurement & Contract Administration.

5.5. Procurement Values

Procurement values should be based on reasonable maximum cost estimates, considering the entire potential value of the contract including future years, options, and extensions. Procurements should not be split or separated into parts with the intention of avoiding process requirements.

5.6. Non-Competitive Procurements

On occasion, the requirement for a Competitive Procurement may be waived. For Direct Awards valued \$5,000 or over, the requesting Employee must document the rationale for the Direct Award on a Purchase Requisition Form. The form must be:

- Approved by the appropriate Senior Manager level authority.
- Approved by the Manager of Procurement & Contract Administration.
- If valued at \$25,000 or greater, approved by the Director of Finance, or in their absence, the CAO.

The Manager of Procurement & Contract Administration may require that a Notice of Intent to Direct Award be posted to the District website and BC Bid for

a minimum of ten (10) days before issuing an award.

Direct Awards valued at \$75,000 or greater must be covered by an allowable exception, exemption, or non-application clause in a governing trade agreement and the applicability of the clause must be formally established, and/or a Notice of Intent to Direct Award must be posted electronically and not challenged with reasonable grounds. For more information on exemptions and allowable exceptions, see Schedule B of this policy. Employees are encouraged to contact the Manager of Procurement & Contract Administration to discuss the applicability of any allowable exceptions prior to initiating the Direct Award approval process.

The CAO or designate has the authority to waive the Procurement Policy where public safety, property and/or infrastructure are at risk. In the case of an emergency expenditure that is outside of the current financial plan, the expenditure must be reported to Council at a regular meeting and Council must amend the financial plan as soon as possible to include the expenditure.

5.7. Reports to Council

Notwithstanding anything in this policy, a report will be submitted to Council for Council approval prior to authorizing a purchase in each of the following circumstances:

- The purchase or expenditure requires the initiation of an alternative approval process or the assent of the electors. Examples may include, but are not limited to, partnering agreements and agreements that are over five years in duration.
- Where a Procurement is not authorized by this policy.

In the case that a proposed Procurement is over budget, a report to Council should be submitted to Council to recommend amending the budget item in the financial plan.

A report will be submitted to Council for information only following any Procurement valued \$250,000 or greater.

6. DISPOSAL OF SURPLUS GOODS

Surplus materials, assets, equipment, or other Goods that the District no longer requires may be disposed of through one of the following methods, in consultation with the Manager of Procurement & Contract Administration:

- Reuse by another District department.
- Sell for trade-in value as part of a Competitive Procurement process for new Goods.
- Sale by auction, including electronic auctions such as BC Auction.

- Sale by sealed bid process, where bids are sought through a publicly advertised process.
- For items of lesser value, direct sale via Informal Quotes or online classifieds.
- Donate to non-profit organization.
- Donate to other local governments or other levels of government.
- Wherever possible, items that cannot be sold or donated will be recycled, limiting items sent to the landfill.

Employees may purchase surplus items once an item has been advertised for sale via a third party.

Amendments/Reviews

Date of Council Consideration	Resolution/Report	Description
February 8, 2021	R(a)-2021-26	<ul style="list-style-type: none"> • Amended definition of Manager • Changed Director to Senior Manager and updated definition • Added definition for Authorized Employee • Increased authority limit for Authorized Employees • Added definition for Signing Officer • Clarified exemptions to policy

SCHEDULE A: DEFINITIONS

Authorized Employee: Any Employee whose Manager or Senior Manager has authorized them to make purchases for the District. The authorization should be documented, whether formally through policy, departmental procedures, or job descriptions, or informally, e.g. by email for ad hoc purchases.

Competitive Procurement: A formal competitive bidding process that utilizes a written Solicitation document to request written Submissions from interested Suppliers.

Construction: 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 and Consulting Services related to the construction contract unless they are included in the Procurement.

Direct Award: To award a contract or Procurement directly to a Supplier without a competitive process.

Diverse Supplier: Any business or enterprise that is certified by a Supplier Certification Organization to be:

- More than 50% (majority) owned, managed and controlled by persons belonging to an Equity-Seeking Community, or
- A Social Enterprise whose primary purpose is to create social, environmental or cultural value and impact, and where more than 50% of the persons who are full-time equivalent Employees or are participating in, or have completed, transitional employment training or experience economic disadvantage.

Economic Sustainability: Providing and enhancing the Services, infrastructure and conditions that sustain healthy, diverse and resilient local economy in which businesses of all sizes, and their employees, can flourish.

Employee: An exempt or union employee of the District, including an officer.

Environmental Sustainability: Protecting and enhancing the climate, ecology and natural resources for future generations through approaches that reduce carbon dependency, enhance energy resilience, conserve energy and resources, and reduce waste and toxins.

Equity-Seeking Community: A group that experiences discrimination or barriers to equal opportunity, including women, Indigenous people, persons with disabilities,

newcomers/new immigrants, LGBTQ+ people, visible minorities/racialized people, and other groups that may be considered historically marginalized or underrepresented.

Goods: Moveable property (including the costs of installing, operating, maintaining or manufacturing such moveable property) including raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous or electronic form.

Goods and Services/Goods or Services: All Goods and/or Services including Construction, information technology, and Professional and Consulting Services.

Informal Quotes: Informal process of requesting written quotations from a minimum of three qualified Suppliers.

Invitational Competition: A formal Competitive Procurement requesting a minimum of three (3) qualified Suppliers to provide a written Submission in response to defined requirements in a Solicitation document. May be by invitation only.

Life Cycle Cost: Also sometimes referred to as whole-life cost, Life Cycle Cost is the total cost of owning a good over its entire life. Life Cycle Cost includes all direct and indirect financial costs, and considers the initial purchase price, shipping and handling, installation, training, warranty, duration of useful life and all reasonable operating costs such as fuel/energy use, water use, routine maintenance, consumable supplies, parts and repairs, etc. Life Cycle Cost may take into account certain costs that are usually overlooked, such as environmental impact and social costs, where reasonably quantifiable.

Limited Tendering: A Procurement processes whereby the District invited the Suppliers of its choice to submit responses to a call.

Manager: Any Employee in an exempt position with direct responsibility for a budget, regardless of title, who is not a Senior Manager.

Open Competition: A formal Competitive Procurement process that is posted publicly and open to any interested Suppliers.

Procurement: Acquisition by any means, including purchase, rental, lease, or conditional sale or Goods or Services.

Professional and Consulting Services: Includes the Services of architects, engineers, designers, surveyors, management and financial consultants, brokers, lawyers, accountants, auditors, and any other services provided by licensed professionals or consultants.

Senior Manager: Any Employee in an exempt position with direct responsibility for a budget, regardless of title, who is on the Senior Management team and reports directly

to the Chief Administrative Officer. The Director of Finance is a Senior Manager with additional permissions and responsibilities above and beyond those of other Senior Managers.

Services: Intangible products that do not have a physical presence, including Construction Services unless otherwise specified.

Signing Officer: An Employee or member of Council that Council has designated as an authorized signing officer of the District of Summerland through Policy 200.7 – Municipal Signing Authority.

Social Enterprise: A business that: (i) is owned by a non-profit organization or community services co-operative; (ii) is directly involved in the production and/or selling of Goods and Services for the combined purpose of generating income and achieving social, cultural, and/or environmental aims; and (iii) has a defined social and/or environmental mandate.

Social Sustainability: Cultivating and sustaining vibrant, creative, safe, affordable and caring communities for the wide diversity of individuals and families who live in, work in and visit Summerland and beyond. For a community to be socially sustainable, the basic needs of its residents must be met, it must be able to maintain and build on its own resources, and it must be able to prevent and/or address problems as they arise.

Solicitation: The process of communicating a call for Submissions to prospective bidders.

Submission: A response to a Competitive Procurement Solicitation document, such as a proposal, quotation, or other type of submission.

Supplier: Any company, individual, or entity offering Goods or Services for sale.

Supplier Certification Organization: A non-profit organization that certifies businesses and enterprises as Diverse Suppliers by assessing them using established, consistent criteria. Examples include:

- [Canadian Aboriginal and Minority Supplier Council](#)
- [Certified Women Business Enterprises - WBE Canada](#)
- [Canadian Gay and Lesbian Chamber of Commerce](#)
- [Canadian Council for Aboriginal Business](#)
- [Government of Canada Indigenous Business Directory](#)
- [Inclusive Workplace Supply Council of Canada](#)

Sustainability: Meeting the social, environmental and economic needs of the present without compromising the ability of future generations to meet their needs.

Total Cost of Ownership: The direct social, environmental and financial costs and benefits to the District of Goods, Construction and Services during their acquisition, use and end-of-life phases (i.e. Life Cycle Costs), including factors such as transportation emissions, training, economic development impacts, energy consumption, disposal and other related costs, after taking into account Sustainability, reduced carbon dependency, and Zero Waste.

Workforce Development: A wide range of activities, policies and programs that seek to better serve job seekers and employers. Workforce Development creates and maintains the kind of skilled workforce that is needed to meet the current and future needs of business and industry. Workforce Development integrates human service support, industry-driven education and training, and career advancement strategies, facilitated by the collaboration between employers, training and education institutions, government and communities. Workforce Development activities can include but are not limited to: customized recruitment; training and work-based learning skills development; opportunities for registered apprenticeships during Construction; use of Social Enterprise in the supply chain; and other activities that provide employment-related opportunities to candidates such as sector/industry career information sharing, learning and networking events, mentoring through established mentorship programs, and supporting pre-employment workshops such as resume and interview skills development.

Zero Waste: Eliminating solid waste by reducing the demand for new Goods and materials; reusing old Goods, materials, and component parts; and recycling and composting remaining materials. Residual waste is minimal.

SCHEDULE B: EXCEPTIONS

Exempt Expenditures

Certain expenses are exempt from the Procurement process requirements under this policy, including, but not limited to:

- Any form of assistance, such as grants, loans, equity infusions, guarantees, and fiscal incentives
- Customer refunds
- Insurance premiums
- Land acquisitions or real estate transactions and fees
- Legal or notary Services
- Licenses/permits required by government or regulatory bodies (vehicles, elevators, etc.)
- Mailing and distribution by Canada Post
- Payments to other government or public bodies
- Payroll and refundable Employee expenses
- Procurements made on behalf of non-governmental entities (e.g. works arranged for by the District but paid for by property owners/developers, etc.)
- Some co-sponsored programs
- Tax remittances
- Treasury Services and associated financial Services
- Utilities

Allowable Exceptions

While still covered by this policy, the following Procurements may be exempt from the competitive process requirements detailed in Section 5.4 and may be procured through Direct Award or Limited Tendering, subject to the approvals outlined in Section 5.6.

1. Where it can be demonstrated that only one Supplier is able to meet the requirements of a Procurement (e.g. need for proprietary software or parts for specialty equipment).
2. Where an unforeseeable situation of urgency exists and the Goods, Services or Construction could not be obtained in time by means of open Procurement procedures.
3. When the acquisition is of a confidential or privileged nature and disclosure through an open Competitive Procurement process could reasonably be expected to compromise government confidentiality, cause economic disruption or be contrary to the public interest.
4. In the absence of a receipt of any Submissions which meet the requirements of a public process.
5. From a public body, non-profit organization, philanthropic institutions, prison labour or persons with disabilities.
6. Goods purchased on a commodity market.
7. Purchases made under exceptionally advantageous conditions that only arise in the very short term in the case of unusual disposals such as those arising from

- liquidation, receivership, or bankruptcy, but not for routine purchases from regular Suppliers.
8. When a contract is awarded to a winner of a design contest.
 9. Any other exemption, exception, or non-application clause listed in applicable trade agreements.
 10. For the purchase of used equipment under \$75,000 or at an auction.
 11. Professional and Consulting Services due to one of the following reasons, where the total commitment is less than \$75,000:
 - Time is of the essence and the Supplier has knowledge or skills which are needed quickly.
 - The Supplier has a specialized skill or knowledge which others do not have.
 - The Supplier 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.
 12. When a Notice of Intent to Direct Award is posted electronically and is not challenged on reasonable grounds.