

THE CITY OF GRAND FORKS

POLICY TITLE: Contracting Authority & Purchasing

POLICY NO: 802A-1

EFFECTIVE DATE: February 23, 2015

SUPERSEDES:
802

APPROVAL: Council

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POLICY:

The City of Grand Forks will procure all goods, services and construction of assets in accordance with this procedure.

POLICY OBJECTIVES:

The objectives of this policy are to:

- a) Establish authority to enter into a procurement contract on behalf of the City.
- b) Establish spending authority limits within approved budget limits.
- c) Identify types of procurement contracts that can be entered into.
- d) Encourage as a preference, contracting agreements and purchasing criteria that:
 - (i) promotes reduction of Green House Gases.
 - (ii) considers the life cycle cost of the acquisition rather than just the initial purchase price.
 - (iii) seeks the best value and service.

In addition to the objectives outlined above, City employees will demonstrate ethical purchasing behavior, including:

- Declaration of Interest – An employee who has a direct or indirect interest with the supplier should disclose this relationship and will be excluded from the quote or tender process;
- Confidentiality and Accuracy of Information – The confidentiality of information received in the course of duty must be respected and should not be used for personal gain; information given in the course of duty should be true and fair and not designed to mislead;
- Competition – While considering the advantages of the City of Grand Forks maintaining a continuing relationship with a supplier, any arrangement which might prevent the effective operation of fair competition should be avoided;
- Business Gifts and Hospitality – To preserve the image and integrity of the employee, the employer and the profession, business gifts other than items of small intrinsic value should not be accepted. Reasonable hospitality is an accepted courtesy of a business relationship. The frequency and nature of gifts or hospitality accepted should not be allowed whereby the recipient might be or might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality or gifts;

PROCEDURE

General:

a) Responsibilities:

- i. Department Heads are to ensure that funds are available within the spending authority of those authorized to sign a procurement contract on behalf of the Department.
- ii. The Chief Administrative Officer may designate Department Heads to approve incoming invoices from contracts, utilities, government agencies and any other approved payables up to specified limits. Authorizations to be in writing and may be revoked at any time.

b) Sustainable Business Practice:

- i. The City shall give preference to contracts, equipment, machinery, vehicles and supplies which incorporate green or sustainable business practices or technology. This preference shall form part of the RFP and the evaluation criteria used to assess proposals when it applies.ii. Evaluation criteria shall make reference to purchase cost, fuel consumption cost, GHG emissions and total life cycle cost (including purchase, fuel operating and maintenance costs) over the life of the equipment of contracted service.

c) Application:

This policy applies to all activities, works or services entered into by the City except contracts of employment.

d) Prohibition:

- i. All procurement by the City of Grand Forks will be consistent with the requirements under AIT (Agreement on Internal Trade) and TILMA (Trade, Investment and Labour Mobility Agreement).
- ii. No one other than the Chief Administrative Officer or the Chief Financial Officer will enter into a contract for goods or services.

e) Spending Authority:

To allow for the efficient operation of the City's departments, the following authority levels are delegated to Department Heads for individual invoices and individual contract limits.

	Spending Limit
Chief Administrative Officer	Within Financial Plan
Chief Financial Officer	\$25,000.00
Corporate Officer	\$10,000.00
Deputy Corporate Officer	\$10,000.00
Manager of Operations	\$10,000.00
Public Works Foreman	\$10,000.00

Manager of Development & Engineering	\$10,000.00
Fire Chief	\$10,000.00
Deputy Fire Chief	\$10,000.00
Manager of Building Inspection & Bylaw Services	\$ 5,000.00

Workforce Spending:

To allow for the efficient operation of the City's departments, the following authority levels are delegated to various employees within their Department budgets:

	Spending Limit	Type of Goods
All Coordinators	\$1,500	All
Mechanic	\$1,500	Supply
Accountant/Comptroller	\$1,500	All
All Permanent Employees	\$100	Supply

Department Heads must counter-sign all Departmental Purchase Orders prior to submitting to Accounting Department.

Definitions:

Alternate Fuels - fuels available for use other than conventional fuels (oil, gasoline, natural gas, propane and diesel).

City - the Corporation of the City of Grand Forks.

Formal Public Tendering Process - the process whereby bids are solicited by the City by means of public advertising including by newspaper, publications, website or BC Bid. Bids are normally opened and read publicly at a fixed time and place.

GHG (Greenhouse gases) - equivalent tones of carbon dioxide (CO2) emitted into the environment through the use of various types of energy sources.

Goods - materials, equipment, or supply

Holdback - monies held back from progress payments.

Late Bid - an offer received in the designated location after the specified closing date and/or time.

Lease - a contract by which the City acquires the use and possession of lands, buildings, and personal property for a specified time at a fixed payment.

Life Cycle Cost - the total cost to purchase and operate a type of vehicle or equipment or contracted service. This shall include initial purchase cost, operational cost,

maintenance cost, fuel cost and GHG emissions.

Lowest Evaluated Bid - the bid which meets the specifications at the lowest overall cost to the City, as determined by the Chief Administrative Officer or designate, considering such factors as suitability, price, availability, service related administrative cost and disposal value. The lowest overall cost shall be evaluated over the life cycle of the equipment or contracted service. This shall include purchase cost, operating cost, maintenance cost, fuel cost and GHG emissions.

Procurement Contract -

- Purchase Order issued for procurement of goods or services;
- Service Contract issued under a written agreement with the supplier of services, or;
- Construction Contract entered into in writing with the successful bidder following an invitation to tender for construction of an asset.

Progress Payment - a payment made under the terms of the contract before completion of the contract.

Proposal - an offer to provide goods, services, or construction submitted to the City in response to a request for a proposal.

Purchase Order - the pre-printed, pre-numbered form containing all the necessary information and signatures required to begin procurement action.

RFP (Request for Proposal) - the process whereby proposals are solicited by the City by means of invitation to particular suppliers or advertising. Proposals are reviewed by Staff against grading criteria as described in the proposal.

Security -

- Certified cheque or other legal instrument made payable to the City of Grand Forks;
- Government guaranteed bond; or
- Other security as may be considered appropriate.

Service - performance of work to meet a general need by a person(s) not an employee of the City of Grand Forks.

Responsibilities

a) Department Head:

- i. Ensure that all procurement contracts initiated within the department are complete and properly authorized, including, if necessary, to be authorized by Council, prior to being sent for procurement action.
- ii. Ensure that expenditures are identified in the Financial Plan and within the spending authority of those authorized to sign a procurement contract on

behalf of the department.

b) General Guidelines:

- i. Procurement documentation must be in place before goods are delivered or services rendered, including a contract for services covered under a Service Contract.
- ii. Unauthorized Purchasing: Any employee who willfully acquires goods or services in contravention of this policy or relevant procedures is liable to disciplinary action.
- iii. Purchase Orders:
 - Official; 8 ½" x 11" sequentially numbered form.
 - All applicable sections must be completed, including an actual or estimated cost, and the account to be charged for the item(s).
 - Copy distribution: White - Accounting
Scanned to Manager
Scanned electronically
 - May have additional information attached such as drawings, detailed specifications, samples, etc.
 - Cancellation of a Purchase Order - ensure that all copies are cancelled/marked as VOIDED.
 - Ensure that a Purchase Order is completed and its number quoted when an order is placed with a supplier.

Purchase orders shall be issued for all goods and services in excess of \$1,000.00, unless exempted under procedures.

When an invoice is received the issuer of the order, or designate, must confirm that the goods received are as requested and priced as quoted.

Exemptions: the following expenditures do not require a Purchase Order:

1. Petty Cash disbursements
2. Purchases covered by annual or other contracts such as: chlorine, gasoline, diesel, equipment leases, fees for service
3. Association dues and membership fees, publications, legal and accounting fees, donations and grants-in-aid
4. Utility charges
5. Travel expenses and advances
6. Payment for expenditures relating to payroll and payroll deductions, including union dues and social club fees

7. Payments to other governments and their agencies.

iv. Service Contract:

A pre-negotiated and/or tendered agreement, usually of a long-term duration, for such items as:

- Auditing services
- Bonding services
- Maintenance agreements
- Lease agreements
- Fuel supplies
- Externally owned machinery and/or operators, or
- Other

When a Service Contract has been awarded, direct orders may be placed with the supplier by authorized personnel.

v. Verbal Quotes:

Verbal quotes are to be sought for supply of all goods and services from at least three suppliers when the cost is estimated to exceed \$5,000.00.

Managers are to record in writing, the results of the verbal quotations when the cost is estimated to be between \$5,000.00 and \$10,000.00.

vi. Formal Written Quotations:

Written quotations are to be sought for the supply of all goods and services from at least three suppliers when the cost is estimated to exceed \$10,000.00 and not exceed \$50,000.00.

vii. Formal Public Tendering and Request for Proposals:

Tenders and request for proposals are to be sought by formal public advertising for the supply of all goods and services when the cost is estimated to exceed \$50,000.00. Procedures for receiving and opening tenders shall conform to the following:

- Tenders and RFP's enclosed in sealed envelopes will be received at the tender address until tender closing time;

- All tenders and RFP's will be recorded as to the date and time received at the front counter who will file the tender in the vault until tenders are opened;
 - Verbal and late bids will not be accepted.
 - One member from Corporate Services and the department head or designate responsible for the project will proceed with the tender and RFP opening at precisely the designated time on the closing day.
 - Tender and RFP envelopes shall be opened and each tender and RFP shall be checked to ensure that it is signed and valid in respect of any bid bonds, etc. Any financial securities shall be stored in the vault for safekeeping.
 - Security, as required by the Invitation to Tender, must accompany the tender bid in order to be considered.
 - Tenders are normally opened/registered in public at the City Office. Requests for Proposals are not normally opened publicly.
- Where only one tender is received, the City reserves the right to not make the amount of the tender public at the tender opening. The amount of the tender will be made public if a contract is awarded.

A contract may, in most cases, be awarded to the lowest bid. However, the City, for its sole benefit, reserves the right to award a bidder it deems appropriate based on scoring of evaluation criteria identified in the tender or RFP document.

viii. Notwithstanding Section v and vi above, a purchase or contract may be sole sourced when:

- Goods, services or construction are urgently required and delay would be injurious to the public interest; or
- Recurring or Non-Competitive Expenditures – these are for specifically identified items such as training and statutory payments
- Only one party is available and capable of performing the contract
- Professional Consulting Services

The City purchasing practices for sole sourced procurements shall employ such value analysis and negotiation methods as deemed appropriate for the occasion

by the Chief Financial Officer

All sole sourcing requests between \$5000 and \$25,000 will require approval of the Chief Financial Officer. Any sole source purchase over \$25,000 will require a Staff report to City Council.