

	PURCHASING POLICY	
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SUBJECT:	Purchasing Policy	
PREPARED BY:	Finance	
AUTHORIZED BY:	City Council	
EFFECTIVE DATE:	March 24, 2016	REVISION DATES: February 2020 July 2024
REVIEW FREQUENCY:	Every five years	

A. PURPOSE

The purpose of the Purchasing Policy is to outline the City’s purchasing processes and establish expenditure authorization limits for the purchase of goods and services as authorized by City Council through the Financial Plan.

B. OBJECTIVES

To balance the efficiency of purchasing processes to obtain goods, services and construction services to achieve the City’s objectives, and to obtain the best value for all funds expended.

The City is committed to open, transparent, fair and accountable access to City business utilizing leading practices and adhering to legislation and applicable trade agreements.

C. DEFINITIONS

Acquiring Department means

- a) the City department that will manage a Purchase Agreement and on whose behalf that Purchase Agreement is mainly solicited, negotiated, or entered into, or
- b) where no other City department is responsible for managing a Purchase Agreement means Supply Management Services.

Bonfire means the City of Victoria’s public purchasing portal.

Buyer means a person employed by the City as a Buyer or Senior Buyer within the City’s Supply Management Services division of its Finance Department.

Chief Financial Officer refers to the person holding the position of Financial Officer as defined by Section 149 of the *Community Charter*.

City Manager refers to the person holding the position of Chief Administrative Officer as defined by Section 147 of the *Community Charter*.

City Clerk refers to the person holding the position of Corporate Officer as defined by Section 148 of the *Community Charter*.

City Solicitor refers to the person employed by the city as the head of its Legal Services department and includes lawyers acting under their direction and authority.

Competition means a competitive process such as a Request for Offer (RFO), Request for Proposal (RFP), or Tender.

Department Director refers to the person employed by the City as the head of a City department, and in relation to a Purchase Agreement means the head of the Acquiring Department.

EOC means the City's Emergency Operations Centre.

Expenditure means an expenditure made in respect of a purchase.

Local means located within the Capital Regional District.

Manager refers to the City's Manager of Supply Management Services.

Offer means a written response, offer, quote, proposal or bid as the circumstances require.

Project Manager means an employee of the City designated by the Department Director or their business unit manager to manage a Purchase Agreement or Purchase Order.

Purchase means the purchase of goods, equipment, or services.

Purchase Agreement means a contract under which the City will obtain goods, services, or both, and includes a Written Agreement and a Purchase Order, but does not include partnering agreements, cooperative or cost-sharing agreements, or grant agreements.

Purchase Order means a document issued by the City which notifies a successful vendor of the City's intention to pay and which together with:

- (a) that vendor's Offer in response to a solicitation issued by the City, or
- (b) the terms and conditions of the volume purchase contract secured by another public agency, or by Single Source, in relation to which the City's Purchase Order is issued, forms a contract.

RFO means a Request for Offer/Quote that is a competitive process for an intended expenditure by the City of normally not more than \$74,999.99.

RFP means a Request for Proposal that is a competitive process for an intended expenditure by the City of \$75,000 or more for which proposals are invited and accepted electronically, but are not publicly opened.

Single Source means where there is a single supplier that clearly provides the best value to the City in the circumstances of a particular purchase or the circumstances in which the purchase is required are extraordinary or involve an emergency.

Sole Source means the only supplier who has the ability or capacity to supply specified goods or services or the supplier the City is obligated contractually to use in the circumstances of a particular purchase.

Tender means a competitive process for an intended expenditure by the City of \$75,000 or more for which bids are invited and accepted electronically but are not publicly opened. Unevaluated bid results will be provided upon request.

Written Agreement means a written contract which is executed by each of the City and the supplier and under which the City will obtain goods, services, or both.

D. PURCHASING PROCESSES AND AUTHORIZATION LIMITS

The City has established a number of purchasing processes. The following describes each process and sets out their respective authorization limits.

D.1 General

City staff will endeavour to determine if goods, equipment or services, including construction services, can be provided internally prior to commencing any external purchases.

In all circumstances, the City will comply with the spirit and intent of all applicable trade agreements and any other applicable legislation.

The Manager and any Buyer acting under the Manager's direction and authority may solicit Offers for Written Agreements and Purchase Orders of any value. The specifications, scope of work and/or terms of reference and evaluation criteria set out in the solicitation must be approved by the Acquiring Department.

The calculation of monetary limits for the purposes of this section D must include the value of any renewal term.

A Department Director may solicit Offers for Written Agreements and Purchase Orders for values of not more than \$74,999.99.

A renewal term for a Purchase Agreement must not be entered into unless the renewal term was disclosed in the underlying solicitation.

Every competition must clearly state that the competition is subject to the terms of this Purchasing Policy.

To obtain better value through larger scale purchases, the City may, with the approval of the Manager, access other public agencies' agreements when appropriate.

The City may enter into an agreement with a supplier for goods, equipment, or services only if that gives the City the best value in connection with quality, service, and price, as compared to the value given by other suppliers.

Before a purchase is committed to, it must be authorized by the Manager or, for purchases up to \$10,000 by a Project Manager, through the issuance of a Purchase Order, and if applicable, an agreement executed by an appropriate signing authority.

Additionally, before a purchase is committed to, if the requested procurement includes:

1. An IT component, it must be approved by the Information Technology Department;
2. A privacy component, it must be approved by the Information Access and Privacy Analyst;
3. A public communication (graphics, video, photography, writing, marketing etc.) or community engagement (surveys, open houses etc.) component, it must be approved by the Communications and Engagement Department;
4. Vehicles and power equipment, it must be approved by the Fleet Section of the Engineering and Public Works Department;
5. A buildings or facility services component, it must be approved by the Facilities Division of the Parks, Recreation and Facilities Department.

All documentation regarding the competition, insurance, WorkSafeBC (e.g. prime contractor designation, registration and clearance letter), regulatory and Occupational Health and Safety Legislation requirements required to begin work (e.g. special certification regarding asbestos removal), and an executed Written Agreement (if required), must be provided to the Manager before the work or service is commenced or goods delivered.

Staff must not encourage or request the delivery of goods nor the commencement of any aspect of the work or service covered by the competition before all prerequisites have been met, including provision of the required documentation to the Manager.

Dividing a single purchase into two or more purchases or payments to circumvent policies, purchase card limits and/or levels of signing authority is prohibited.

After the City has entered into a Purchase Agreement, legal advice must be sought and received prior to the City taking any legal action to enforce the Purchase Agreement, or to terminate it before the end of its term.

D.2 Petty Cash

The Manager may maintain petty cash funds that are used for minor purchases.

D.3 Purchasing Cards

The Manager may maintain a Purchasing Card program for minor expenditures up to a dollar limit per transaction that is approved by the Chief Financial Officer.

The City's purchasing card program is guided by the Purchasing Card Policy.

D.4 Emergency or Sole Source Purchases

The City Manager or a Department Director may negotiate a purchase for that Department without a competitive process if:

- a) the Department Director has given written approval for the purchase to the Manager; and
- b) the Department Director and the Manager, jointly determine that the circumstances in which the purchase is required involve an emergency or is from a sole source.

An emergency or sole source purchase requires the approval of:

- a) the Manager, if it is not more than \$30,000;
- b) the Chief Financial Officer if it not more than \$74,999.99; and
- c) the City Manager if it is \$75,000 or greater.

D.5 Single Source Purchases and Notice of Intent

The City Manager or a Department Director may negotiate a purchase for that Department without a competitive process if:

- a) the Department Director has given written approval for the purchase to the Manager; and
- b) the Department Director and the Manager jointly determine that:
 - i. there is a single supplier that clearly provides the best value to the City in the circumstances of a particular purchase; or
 - ii. the circumstances in which the purchase is required are extraordinary.

The City will post a Notice of Intent, in a form acceptable to the Manager, on Bonfire for a minimum of 5 working days for all single source purchases of \$75,000 or more. If no reasonable objection is provided as a result of the Notice of Intent, the Manager may proceed with the purchase. In the event of a reasonable objection from a vendor who has the ability to perform the work, the City will proceed with a competition.

A single source purchase requires the approval of:

- a) the Manager, if it is not more than \$30,000;
- b) the Chief Financial Officer if it is not more than \$74,999.99; and
- c) the City Manager if it is \$75,000 or greater.

D.6 Competitions

The following limits and processes pertain to all purchases where the above outlined processes do not apply.

1. Purchases of not More Than \$10,000

The Manager or the Acquiring Department has the discretion to decide on the process to be followed. This includes petty cash purchases, purchasing card purchases, single or sole source purchases, or a competition. When applicable, before a purchase is committed to, it must be authorized by the Manager or Project Manager through the issuance of a purchase order and, if required, an agreement executed by an appropriate signing authority.

2. Purchases of More Than \$10,000 but not More Than \$74,999.99

The Manager or the Acquiring Department must obtain competitive offers/quotes. This may be done by soliciting offers from known suppliers or issuing an RFO. The evidence of the competition must be provided to the Manager.

3. Purchases of More Than \$74,999.99 but not More Than \$200,000

The Manager must invite and accept bids or proposals from potential suppliers, unless it is in the City's best interest to issue an RFO, which can be authorized by the Manager for purchases of more than \$74,999.99 but not more than \$200,000.

4. Purchases of More Than \$200,000 but not More Than \$500,000

The Manager must invite and accept bids or proposals from potential suppliers. Before a contract is awarded, the Manager must make a recommendation for consideration and approval by the Chief Financial Officer or the City Manager.

5. Purchases of More Than \$500,000

The Manager must invite and accept bids or proposals from potential suppliers. Before a contract is awarded, the Manager must make a recommendation for consideration and approval by the City Manager.

6. Written Agreement

A Written Agreement between a supplier and the City is required in each of the following

circumstances:

- a) if requested by a supplier;
- b) for contracts of \$75,000 or more;
- c) if a procurement solicitation document and subsequent successful submission do not contain sufficient elements, such as specifications, conditions, warranties, or indemnities, to constitute a satisfactory contract for either the City (as determined by the Manager and Project Manager or Department Director), or the supplier;
- d) if there is already a contract, such as a Professional Services Agreement, between the City and the supplier, but there are changes to that contract for the particular expenditure;
- e) where the City has developed standard terms and conditions for a category of procurement, and the requested procurement falls within that category. Examples include but are not limited to General Services Agreements, Professional Services Agreement, Master Municipal Construction Documents for linear infrastructure projects, Canadian Construction Documents Committee standard form contracts for construction projects. A Department should seek guidance from Supply Management Services as to whether its requested procurement falls within a category for which the City has developed standard terms and conditions.

Written Agreements will be on standard City contracts in a form approved by the City Solicitor and contents approved by the Project Manager.

Amendments to Written Agreements will be in a form approved by the City Solicitor.

All supplier supplied agreements will be reviewed and approved as to form by the City Solicitor, and as to content by the Project Manager prior to execution, except in the case of supplier supplied agreements that are non-negotiable because of market conditions, or where the City otherwise lacks sufficient negotiating leverage to modify or alter the supplier's standard terms (e.g. a software agreement for a large software service provider). In the latter case, the agreement must be approved by the Chief Information Officer if it is for software, or by the Chief Financial Officer for other types of purchases, prior to execution.

7. Competitions, Amendments, or Renewals that Exceed Budget

A competition cannot be awarded if it exceeds the Council approved budget. A change order, amendment, contract renewal or extension cannot be issued if it would result in an exceedance of Council approved budget.

The Manager must refer any such competition for proposed amendment, renewal or extension to the Department Director of the applicable department, who jointly with the Chief Financial Officer and the City Manager, will determine whether to reject the bid, refuse to issue the change order, amendment, contract renewal or extension or seek Council approval to shift or increase the budget.

To determine whether a cost is within Council approved budget, the budget analyst for the Project Manager's business unit or department must be consulted.

8. Identical Submissions

If identical submissions are received by the City, the Manager must take into consideration the location of the suppliers, giving preference to local suppliers. If the anticipated value of the contract is below \$75,000. If the identical submissions are from two or more local suppliers, or if identical submissions are received from two or more suppliers that are not local suppliers, then the successful bid must be chosen by the drawing of lots under the Manager's supervision. The City Manager must supervise the drawing of lots if the anticipated value of the contract or the submissions exceed \$74,999.99.

9. Financial Security

The Manager may require financial security from potential suppliers when the Manager considers that to be in the City's best interest.

E. USED GOODS OR EQUIPMENT

To ensure maximum value to the City's purchasing dollars, the purchasing function and performance must be optimized. To this end, the City may consider the purchase of used goods or equipment where a positive business case can be shown.

F. SUSTAINABILITY GUIDELINES

The City considers the environmental, social and economic value of the goods and services being purchased with the intent to shift spending away from goods and services that negatively impact the environment and society towards products and services that are more environmentally sound and socially beneficial.

Recognizing its role as a major purchaser of goods and services, the City will seek opportunities to encourage and influence markets for environmentally and socially preferable products through employee education; supporting pilot testing of potential new products; and adopting innovative product standards, specifications, and contracts.

It is the City's practice to include sustainability guidelines as value added evaluation criteria in all RFPs. The evaluation criteria used will be tailored to the specific competition; however, more points will be awarded for higher impact activities.

G. COMMUNITY INVOLVEMENT

The City is part of the local community and recognizes the value of community involvement. To strengthen the City’s support for community involvement and to recognize a vendor’s community involvement at the local, national or international level, value added evaluation criteria may be added to RFPs. The value-added evaluation criteria used will be tailored to the specific competition; however, the more community involvement can be demonstrated, the more points will be awarded.

G.1 Social Procurement Foundational Factors and Priorities

The following objective, principles and evaluation criteria considerations are the foundational factors to be incorporated into all procurement competition using a phased approach.

The criteria considerations (the items that would gain points when evaluating proposals) are to be descriptive rather than prescriptive. Having a broader scope for the evaluation criteria and focusing on intersectionality allows respondents more flexibility in demonstrating the social value their organization provides to the community and could result in greater success both in terms of the number of bids received in response to a procurement competition, and also in understanding the scope of programs/initiatives that organizations are partaking in and supporting. By allowing this flexibility, the City will start with a few pilots to test and improve on the evaluation criteria before expanding the use of the criteria in all procurement competitions.

Subject	
Objective	<p>Overarching goal is removal of barriers so all current and future members of our community can participate in society and prosper. The objective is based on the following values:</p> <ul style="list-style-type: none"> • Social Justice - remove systemic barriers • Intersectionality - reflect multiple lived experiences • Quality of Life - health, happiness and satisfaction • Resilience and Prosperous Community - inclusion and access
Guiding Principles for Policy Application	<ul style="list-style-type: none"> • Practical (scalable to initiative size) • Achievable (pragmatic) • Transparent (simple and understandable) • Measurable (moving the bar)
Evaluation Equity Criteria Considerations*	<ul style="list-style-type: none"> • Ability - persons with disabilities • Age - children, youth and seniors • Citizenship Status - immigrants and refugees • Education - level achieved • Ethnic Origin and Race - includes Indigenous people and visible minorities • Gender Identity and Expression - cis-gender, transgender, non-binary, two-spirit, intersex and others • Housing Security - tenure and precarity • Income - absolute and relative level, living wage, wealth • Religion - faith, belief systems, customs • Sexual Orientation - lesbian, gay, bisexual, queer, asexual and others

** Alphabetical listing and not exhaustive nor prioritized*

H. STANDARDS OF CONDUCT

Employees will conduct themselves in a manner that a reasonable and informed third party would conclude as being appropriate when expending City funds.

These provisions supplement and augment other City policies such as Human Resources Policy #116 – Conflict of Interest.

Where an employee has been privy to confidential or sensitive information, it is their responsibility to ensure that it remains so. Such information must not be used for any personal gain or advantage. Information given in the course of an employee's professional activity should be forthright and not intended to mislead or deceive others.

Employees shall maintain relationships with suppliers and third parties in a manner that contributes to and promotes fair competition in the market and protects the interests and reputation of the City. Employees should not use their position to garner personal favours or advantages.

I. EXEMPTIONS

Trade agreements outline some exclusions to competitive processes and D. 5 and D.6 of this policy do not apply in situations where those exclusions exist.

The City also has separate policies or processes for the procurement of certain goods and services, such as:

- a) Financial investments (guided by the City's Investment Policy);
- b) Insurance (purchased through a broker, which is selected through a competitive process); and
- c) Employee benefits (through Greater Victoria Labour Relations Association).

J. DISPOSAL OF SURPLUS

The Manager must dispose of all goods, equipment and materials, for which the City no longer has a use, by any method the Manager considers to be in the City's best interest, including without limitation, public auction, public tender, negotiated sale, or donation to non-profit organizations. Wherever possible, items that cannot be sold or donated will be recycled, limiting the amount sent to the landfill.

City employees may not be given any surplus items and will not be able to buy surplus items directly from the City unless the sale is through a third party auction. City employees responsible for declaring the goods, materials or equipment surplus to the City's needs shall not be eligible to obtain the goods through any means including third party auction or re-purchase from the supplier.

K. STATE OF EMERGENCY

In the event of an activation of the City's Emergency Operations Centre or if a State of Emergency is declared by City Council, the Federal, Provincial or Regional Governments for the City of Victoria for the purposes of this policy, the following shall apply:

- a) The Director/Deputy Director of the Emergency Operations Centre shall have the authority of the City Manager;
- b) The Logistics Section Chief and/or the Finance Section Chief shall have the authority of the Chief Financial Officer;
- c) The Logistics Section Chief and/or the Finance Section Chief may increase City's Purchasing Card holders' limits to a level that they consider appropriate based on the nature of the emergency;
- d) The Supply Branch Coordinator, the Procurement Unit Coordinate and/or Incident Commanders shall have the authority of the Manager.

For clarity, the authority of Emergency Operations Centre staff described above is additional to and does not displace the authority of the City Manager, Chief Financial Officer, and Manager.

Documentation and procedures provided by the Ministry of Emergency Management and Climate Readiness such as those outlined in BC's Emergency Management System (BCEMS), as well as the documentation and procedures outlined in the City's Emergency Plan shall be followed to ensure Disaster Financial Assistance eligibility is maintained.