



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

Chapter: FINANCE

Section: EXPENDITURES

Subject: RDCK PURCHASING POLICY

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POLICY:

INTRODUCTION

This policy outlines authorization and competition requirements for procuring goods and services operating and capital projects for the Regional District of Central Kootenay (RDCK). This Policy is managed by the RDCK Chief Financial Officer. Any modifications to this policy must be approved by the RDCK Board.

PROCUREMENT OBJECTIVES

The RDCK's primary goal in the procurement process is to attain the best value possible using processes that are competitive, open, transparent and non-discriminatory. Best value is determined at the RDCK's sole discretion to be the optimal combination, of cost, quality, timing, sustainability, and/ or other relevant factors to meet the RDCK's requirements.

When used with good judgment and common sense, this policy will enable the RDCK to obtain needed supplies and services efficiently, economically, and in a manner that supports environmental stewardship as directed by the RDCK Board. This policy is intended to meet the requirements of the Local Government Act, current internal trade agreements, as well as reflecting public sector procurement standards and best practices.

ETHICAL PROCUREMENT

Authorized Purchasers should understand and abide by the principles of fair competition, engage in honest business practices, and uphold the RDCK values of health and safety, accountability, integrity and respect in any procurement situation. Authorized Purchasers are also expected to declare any conflict of interest which may impinge or be reasonably expected to impinge upon their impartiality in a specific purchasing matter. Ethical procurement is a shared responsibility within the RDCK, and all Authorized Purchasers are expected to counsel and assist fellow purchasers in pursuing purchasing best practices.

DEFINITIONS

"Authorized Purchaser" means an RDCK employee or volunteer with a job title listed in Appendix B who is formally delegated authority to make purchases on behalf of the RDCK. **For certainty RDCK Directors are not Authorized Purchasers.**



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

“Contract” means an agreement between parties for the supply (by way of sale, conditional sale, lease or otherwise) of goods, services or construction, including a purchase order or other document evidencing the obligation, and any amendments.

“Financial Plan” means the most current Regional District of Central Kootenay Five- Year Financial Plan approved by the RDCK Board.

“Invitation to Quote (ITQ)” means a process used to solicit bids or quotes from vendors for the provision of clearly specified goods or services. The bids received in response to an ITQ are evaluated primarily on price.

“Invitation to Tender (ITT)” means a process used to solicit bids from vendors for the provision of construction services where the specifications, terms, conditions and other details are set out in the invitation and the responsive bids are evaluated primarily on price, without further negotiations.

“Non- Competitive Purchase” means the purchase of goods or services from a single supplier without soliciting bids, proposals or quotes from other potential suppliers.

“Negotiated Request for Proposal (NRFP)” means a process used to solicit proposals from qualified vendors who can demonstrate that they have the experience, knowledge and ability to complete services requested as per the scope, schedule and details set out in the proposal, where the RDCK is able to evaluate the responses and negotiate with one or many of the vendors to obtain the best overall value.

“Procurement” means the acquisition of goods or services by any means, including by purchase, rental, lease or conditional sale, of goods, services or construction.

“Purchase Order” means a commercial document issued by the RDCK indicating an offer to purchase a good or service and indicating types quantities and agreed upon prices for those goods and services.

“Request for Expression of Interest (RFEOI)” means a non- binding request from the RDCK to receive information from suppliers on any products or services available to achieve a particular outcome. RFEOI is used to survey the market for firms interested in responding to a subsequent formal purchasing process.

“Request for Proposal (RFP)” means an invitation for providers of a product or service to bid on the right to supply that product or service where the requirement for goods or services cannot be definitively defined or specified or alternative solutions or offers are being solicited, and where price may not be not the sole or primary factor in contract award.

“Request for Qualifications” means a non-binding request to potential suppliers who wish to be considered for future competitive purchasing processes to pre-qualify based on various factors.

“Request for Standing Offer (RFSO)” means an invitation for providers of a product or service to bid on the right to supply that product or service by way of a standing offer. A standing offer is an offer from a supplier to provide well-defined, readily available goods or services, as and when requested, at prearranged prices or on a prearranged pricing basis, which can be established at the outset, under set terms and conditions, and for a specific period of time.



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

“**Total Cost**” means the sum of all costs attributable to products, construction, and services associated with performing the intended function over the entire term of use and includes factors such as acquisition cost, installation cost, disposal value, disposal cost, operational cost, maintenance cost, quality of performance and environmental impact.

APPLICABILITY AND EXEMPTIONS

This policy applies to the purchase of all types of goods, services and construction made by RDCK officers, employees and volunteers. For certainty, this policy applies where the authority for procurement of goods or services resides with an RDCK Commission or its members. The Board reserves the right to waive this policy to meet operational requirements. The following purchases are exempted from this policy:

1. The borrowing or investing of money.
2. The rental, lease, purchase and sale of property, land and accommodation.
3. Memberships in professional and vocational associations and their publications and other professional and training activities.
4. Health services and social services.
5. Legal services.
6. The hiring of contract employees.
7. Goods and services purchased through provincial and federal corporate supply arrangements.

GENERAL PURCHASING GUIDELINES

The following guidelines apply to all procurement methods listed in **Appendix A-Procurement Methods**:

- Specifications and requirements should be defined in advance of any purchasing process.
- Procurement processes must be documented and filed in accordance with RDCK records management policies.
- For competitive processes Authorized Purchasers should take reasonable and good faith efforts to encourage qualified suppliers to submit quotes.
- Reasonable and good faith efforts should be made to ensure all suppliers and bidders receive the same information about a given RDCK procurement opportunity.
- Fair and defensible evaluation methods should be used for all competitive procurement situations.

EXPENDITURES INCLUDED IN FINANCIAL PLAN

It is the responsibility of the Authorized Purchaser to ensure that funds have been provided in the Financial Plan for the proposed expenditure and that the purchase will not result in an unapproved exceedance of the applicable service or project budget. If a proposed expenditure is not included in the current year Financial Plan, the Authorized Purchaser must seek approval for a Financial Plan amendment from the RDCK Board. The CAO may waive the requirement for a Financial Plan amendment if all of the following conditions are met:



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

1. The total cost of the expenditure does not exceed the greater of \$3,000 or 0.75% of the current year's approved budgeted expenditure for the applicable service.
2. The expenditure is unexpected but is required for the ongoing operation of an existing RDCK service or completion of a capital project
3. The expenditure will not result in the applicable RDCK service or project exceeding the current year total budgeted expenditure.

Managers are responsible for monitoring their service budgets. The Chief Financial Officer is responsible for reporting potential over expenditures to the Board.

SELECTION OF A PROCUREMENT METHOD

Authorized Purchasers may select the procurement method best suited to the RDCK requirements subject to all conditions listed elsewhere within this Policy. Approved procurement methods are listed in **Appendix A – Procurement Methods**

REVIEW OF PURCHASING DOCUMENTS PRIOR TO ISSUANCE

Review and approval of purchase solicitation documents prior to issuance should generally be in accordance with the authorization limits in **Table 1.0** (see next section). For example, if a purchase will require approval from a Functional Manager, then that Functional Manager should review and be familiar with the requirements set forth in that purchase solicitation prior to its issuance.

AUTHORITY FOR PROCUREMENT TRANSACTIONS AND PROCUREMENT THRESHOLDS

Purchasing and supply management activities at the RDCK are decentralized by departments and services. Purchases must only be initiated and executed by Authorized Purchasers within the authorized purchasing limits, summarized in the table below:

Table 1.0

PURCHASE AMOUNT	MINIMUM REQUIRED AUTHORIZATION
\$0-\$5,000	Supervisor
\$5,001-\$30,000	Functional Manager
\$30,001-\$50,000	Senior Manager
\$50,000-\$75,000+	Senior Manager with the approval of the Chief Administrative Officer, Chief Financial Officer, Corporate Officer, or Manager of Finance
\$75,001+	RDCK Board

Authorized Purchaser positions assigned to each category are listed in **Appendix B-Authorized Purchaser Assignment to Purchasing Authority Categories**.



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

In extraordinary circumstances, as approved by the Chief Administrative Officer or the Chief Financial Officer, the limits may be waived. The Board Chair and Board will be made aware as soon as possible.

CONTRACTUAL AGREEMENTS

Authorized Purchasers are responsible for determining the appropriate form of agreement to be used for each purchase. The following factors should be taken into consideration:

- A Purchase Order or other standard RDCK contractual agreement **may** be used for any purchase less than \$5,000.
- A Purchase Order or other standard RDCK contractual agreement **must** be used for any purchase exceeding \$5,000, or where it is deemed necessary in accordance with RDCK Contract Guidelines.
- A Purchase Order may be used for any straightforward purchase where the RDCK's standard purchase order terms and conditions are sufficient to protect the RDCK's interests.
- Contract authorizations are subject to the approval processes and purchase amount limits outlined in this policy.
- A written contract is to be used when the arrangement is more complex or when, in accordance with RDCK Contract Guidelines, terms and conditions are required that are not included within the RDCK's standard Purchase Order.
- A written contract must be used where the procurement method selected requires the use of RDCK-approved document templates (see Appendix B).

SUPPLIER SELECTION CRITERIA

Where the RDCK wishes to consider factors other than lowest price in the purchase evaluation, the Authorized Purchaser may select the appropriate evaluation criteria subject to the following:

- the criteria selected are considered to be reasonable and relevant to the purchase requirements;
- the criteria are considered to be clear and understandable to all suppliers;
- the criteria are disclosed within the purchase solicitation documents; or
- the use of the criteria does not conflict with the requirements of internal trade agreements.

Where a reasonable person might consider specific criteria to be discriminatory in nature or unreasonably preferential to one supplier, the Authorized Purchaser should consult with their manager prior to issuance of the purchase solicitation. Evaluation criteria must be disclosed in purchasing solicitation documents, but it is not necessary to disclose specific formulas or criteria weighting.

Supplier selection criteria may include, but are not limited to the following:

- total cost of the good or service;
- unit rates for specific components of the goods or services;
- supplier's experience with services or projects similar to those being purchased;
- references provided by other clients of the supplier;
- professional qualifications of supplier's personnel;



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

- experience of the supplier on past RDCK projects or services;
- conformance to the RDCK's specification and requirements;
- compatibility with existing systems and processes;
- timing for supply of goods and services;
- environmental considerations; or
- other value-added benefits offered by the supplier not specifically requested in the procurement solicitation.

INTERNAL TRADE AGREEMENTS

The Province of British Columbia is a signatory to the Agreement on Internal Trade (AIT) and the Trade, Investment and Labour Mobility Agreement (TILMA), which impose specific requirements on some purchases made by the RDCK. The Authorized Purchaser must review these trade agreements prior to issuance of purchase solicitations if the overall purchase value exceeds the following thresholds:

- purchase of goods valued at \$75,000 or greater;
- purchase of services valued at \$75,000 or greater; or
- construction projects valued at \$200,000 or greater.

APPENDIX A – COMPETITIVE PROCUREMENT METHODS

Best Value Method

The best value method is used for goods or services having a value less than \$5,000 and required for a one-time (non-repetitive) procurement, and where the requirement can be fully defined such that the primary competing factor is price (i.e. the solution(s), specification(s), performance standard(s) and timeframe(s) are known).

- Procurement method requires approval of the applicable Supervisor or Manager prior to being initiated.
- An informal quote or quotes (i.e. telephone, email, fax, letter) from known suppliers will be obtained.
- Competitive quotes should be obtained where possible.

Written Quotation Method

A written quotation is used for goods or services having a value less than \$30,000 and required where the requirement can be fully defined such that the primary competing factor is price.

- Specifications and use of standard document templates is required.
- Procurement Guidelines included with the Written Quotation Method template must be followed.
- Procurement methods require approval of the applicable Manager or Senior Manager prior to being initiated.
- The applicable Manager is responsible for the execution of the transaction, which includes making key decisions, evaluating adherence to policy and executing all required documentation
- Three written quotations (i.e. telephone, email, fax, letter) should be obtained from known suppliers.



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

Invitation To Quote (ITQ) Method

An ITQ may be used for the purchase of goods where the value of the transaction exceeds \$30,000 for a one-time (non-repetitive) procurement of goods, services or construction, and where the requirement can be fully defined such that the primary competing factor is price.

- Procurement methods require approval of the applicable Senior Manager prior to being initiated.
- Formal specifications and use of RDCK document templates is required
- The applicable Senior Manager is responsible for the execution of the transaction, which includes making key decisions, evaluating adherence to policy and executing all required documentation.
- Procurement documentation must be stored in accordance with RDCK policy and guidelines
- For clarity, this method **cannot** be used for construction procurement transactions exceeding \$75,000.

Invitation to Tender (ITT) Method

An ITT must be used for construction procurement where the value exceeds \$75,000 and where the specifications are adequately defined to permit the evaluation of tenders against the clearly stated criteria.

- An ITT may be used in appropriate situations where the value of procurement is less than \$75,000.
- All ITT documents to be reviewed and approved by Senior Manager prior to issuance.
- Issuance of tender call to be approved by CAO if procurement value is less than \$75,000, and by Board resolution if procurement value exceeds \$75,000.
- For clarity, this method must not be used for goods and services procurement transactions (the Invitation to Quote process is used for goods and services transactions).
- Use of Master Municipal Construction Documents (MMCD) is preferred where feasible, or RDCK standard template documents may be used with Senior Manager permission.
- The responsible department will determine the specifications, terms and conditions relevant to the acquisition and provide this information to the applicable Senior Manager or CAO before notice of the Invitation to Tender is issued.
- Procurement documentation must be stored in accordance with RDCK policy and guidelines.

The exception to using an ITT to procure construction projects valued at greater than \$75,000 is for a project that the RDCK Board directs by resolution that a construction management approach be used to procure the various elements of the project.

Request for Proposals (RFP) Method

A RFP may be used for procurement of goods or services of any amount where suppliers are invited to propose a solution to a problem, requirement or objective and where the requirements are best described in terms of a general performance specification(s).



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

- The selection of the supplier is based on the effectiveness of a proposal or other criteria, rather than primarily on price.
- Preferred process for procurement of consultants and specialized professional services.
- A multiple-step RFP process including a pre-qualification stage may be used with Senior Manager approval.
- General evaluation criteria must be disclosed in RFP documents, but it is not necessary to provide specific formulas or criteria weighting.
- A proposal evaluation matrix must be completed for each RFP process.

Negotiated Request for Proposal (NRFP) Method

A NRFP may be used for acquisition of goods, services or construction over \$100,000 where vendors are invited to propose a solution to a detail design completed by a professional registered to practice in the Province of British Columbia.

This method may be used when:

- a solution is required in a rural or remote location, or
- where there are limited numbers of contractors in the project area, or
- where a large project is proposed in a location where no major projects have occurred in an extended period of time, or
- where the RDCK and its consultant have decided on one approach to achieve a solution but are willing to accept alternate solutions from qualified contractors who can demonstrate that they have the experience, knowledge and ability to complete their proposed solution.

The responsible department will determine the specifications, terms and relevant conditions. The Senior Project Manager must lead any NRFP process. The CAO must approve use of the NRFP method in a given circumstance

Request for Standing Offer (RFSO) Method

A RFSO may be used where the same goods or services are repetitively ordered and the actual demand is not known in advance, or where a need is anticipated for a range of goods and services for a specific purpose, but the actual demand is not known at the outset, and delivery is to be made when a requirement arises.

- For an RFSO the expected quantity of the specified goods or services to be purchased over the time period of the agreement will be as accurate an estimate as practical and be based, to the extent possible, on previous usage.
- RFSO's are limited to a two year term, after which a new RFSO process must be initiated.
- The dollar value thresholds and limitations of RFSO's correspond to the dollar value thresholds and limitations listed in this document for other procurement methods (e.g. if an RFSO is for goods not expected to exceed \$30,000 in total value, then the procedures and limitations listed for the Written Quotation Method would apply).



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

- For professional services a contract resulting from an RFSO may be issued on the basis of unit rates, with subsequent project scope and budgets to be approved in accordance with the Purchasing Authority limits included in **Table 1.0**.
- More than one supplier may be selected in an RFSO process where it is in the best interests of the RDCK and the bid solicitation allows for more than one.

Request for Qualifications (RFQ) Method

A RFQ may be used in any procurement transaction for goods, services or construction to determine qualified suppliers that may bid on a subsequent procurement process undertaken by the RDCK. The RFQ is typically used in the following circumstances:

- The work requires a stipulated performance and experience level or requires elements of confidentiality or security.
- The value and complexity of the work is such that the contract administration costs (work inspection, follow-up, delay) may result in substantial additional costs or loss to the RDCK if the work is not performed as required.
- To build supplier interest to determine if there are enough suppliers to justify a full Request for Proposal process or other formal competitive process.

The following rules apply to RFQ processes:

- General evaluation criteria must be disclosed in RFQ documents; and
- No contracts to purchase goods or services may be formed directly from an RFQ process.

Request for Expressions of Interest (RFEOI) Method

A RFEOI may be used where the RDCK is interested in receiving information from suppliers on any products or services available to achieve a particular outcome. The RFEOI is used to survey the market for suppliers interested in responding to a formal purchasing solicitation that may follow. No contracts to purchase goods or services may be formed directly from an RFEOI process.

Non-Competitive Purchase Method

The requirement for competitive purchasing may be waived only by an applicable Senior Manager or the CAO and replaced with negotiations by the Authorized Purchaser under the following circumstances:

- Where competition is precluded due to the application of any Act or legislation or other legal consideration (such as patent rights/copyrights).
- Where it can be demonstrated that only one supplier is able to meet the requirements of procurement.
- Where the nature of the requirement is such that it would not be in the public interest to solicit competitive bids as in the case of security of confidentiality matters.
- Where compatibility with existing equipment is important.



Number: [300-06-12]
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

- In the case of a co-operative purchase with another governmental entity where the other entity has undertaken a competitive process.
- When compatibility with current practices or training results in budget saving.
- Where the possibility of a follow-on contract was identified in the original bid solicitation.
- Where the requirement is for a utility for which there exists a monopoly.
- Where an unforeseeable situation of urgency exists and the goods, services or construction are urgently required and delay would be injurious to the public interest.

The following guidelines apply to Non-Competitive Purchases:

- Any Non-Competitive Purchase exceeding \$75,000 in value requires a Board Resolution directing Authorized Purchaser to negotiate a Non-Competitive Purchase with a specific supplier.
- When seeking approval for a Non-Competitive Purchase, Authorized Purchaser will provide the applicable Manager with the reasons for recommending a Non-Competitive Purchase in writing (email is sufficient).



APPENDIX B - AUTHORIZED PURCHASERS ASSIGNMENT TO PURCHASING AUTHORITY CATEGORIES

PURCHASING AUTHORITY CATEGORY	DESIGNATED POSITIONS
Senior Manager	Chief Administrative Officer Chief Financial Officer General Manager of Development Services General Manager of Fire and Emergency Services General Manager of Community Services General Manager of Environmental Services Manager of Finance Manager of Human Resources Manager of Corporate Administration
Functional Manager	Planning Manager Chief Building Inspector Resource Recovery Manager Utilities Services Manager Water Operations Manager Regional Parks Manager Manager of Information Technology Sr. Project Manager Manager of Recreation Emergency Program Manager Deputy Regional Fire Chief
Supervisor	Resource Recovery Operations Supervisor Water Services Supervisor Wildfire Mitigation Supervisor Recreation Programmer Recreation Coordinator Fitness Programmer Aquatics Programmer Community Recreation Programmer, Nelson Recreation Recreation and Cultural Programmer, Castlegar Recreation Fitness and Aquatics Programmer, Castlegar Recreation Working Foreman, Castlegar Recreation Operations Supervisor, Nelson Recreation Maintenance Foreman, Creston Recreation Customer Service Representative 3 Local Fire Chief Deputy Corporate Officer Project Manager GIS Supervisor Assistant Building Manager Parks Operations Supervisor
<p><i>The level of purchasing authority designated for each position within this Appendix may or may not correspond to actual supervisory or managerial responsibilities assigned within job descriptions. Designation as an Authorized Purchaser within this policy does not confer managerial or supervisory authority for any purpose other than in application of this policy. RDCK positions not listed in this Appendix do not have authority to approve purchases on behalf of the RDCK.</i></p>	