



Town of Kensington Policy

Policy Title:	Procurement	Policy Number:	01-103-10
Committee:	Finance & Administration	Approval/Effective Date:	August 9, 2010

Introduction

This policy applies to all procurement of goods and services by the Town of Kensington and any boards, commissions, corporations or agencies governed by it. Any expenditure for goods and services shall be made pursuant to this policy.

The Town of Kensington is committed to providing effective and efficient services to its residents through the practice of the acquisition of goods and services at a fair and competitive price. However pricing will take into consideration the full life cycle cost of the purchase without sacrificing quality, flexibility and/or delivery schedule.

Policy Goals

1. To set forth procedures and guidelines for the Town to ensure that all purchases of goods and services provide for the lowest costs without sacrificing quality, flexibility and/or delivery schedules, i.e. considering the full life cycle cost of a particular purchase or contract.
2. To set forth procedures and guidelines that ensure an open, honest and transparent procurement process that uniformly balances the interests of taxpayers with the fair and equitable treatment of contractors/suppliers.
3. To set forth procedures and guidelines that will promote and maintain the integrity of the purchasing process and protect Town Council, vendors and staff involved in the process by providing clear direction and accountabilities.

Guiding Principles

The Town of Kensington shall be guided by the following procurement principles:

1. The procurement process is to be open, fair and consistent.

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2. The total cost of the purchase shall be taken into consideration when evaluating a purchase including but not limited to the initial cost, anticipated repair costs, staff training requirements, disposal costs, operational costs – energy, service, and preventive maintenance, parts inventory requirements and availability of offsite service personnel.
3. Purchase Orders shall be generated for all purchases of goods and services in excess of \$100.00 at the time of purchase duly signed by authorized personnel except when an emergency deems otherwise, in which case a purchase order(s) will be generated immediately following the purchase by duly authorized personnel.
4. An approved supplier registry shall be provided by the CAO for repeat purchases and/or the provision of trade related services, i.e. plumbing, electrical, snow clearing, etc.
5. Certain staff (as deemed appropriate by Town Council and indicated in Section 17 of this policy, which may be amended from time to time) shall have authorized spending limits and must receive prior approval before purchasing above this limit, emergency situation excluded. No emergency purchases shall be made without the prior authorization of the CAO, or in his/her absence the Deputy Administrator.
6. No person shall break up an order to purchase into more than one purchase in order to stay below their authorized spending limit.
7. While the Town of Kensington strives to obtain the lowest cost of purchase, the lowest bid or offer will not necessarily be accepted.
8. The Town of Kensington reserves the right not to accept any bid received in response to a verbal or written request.
9. No person shall commit the Town of Kensington to any written agreement, license, lease, contract or other obligation where it would result in an expenditure exceeding \$10,000 or would commit the Town to a period exceeding two years, without first receiving approval from the Town Council.
10. Purchases are limited to the approved expenditures contained within the Town's annual Operating and Capital budgets. Any anticipated over-expenditure shall receive the prior approval of Town Council.
11. No expenditure shall be made that does not fall within the mandate and level of service of the Town as established from time to time by Town Council.
12. This policy shall be reviewed following every Town Council election, excluding by-elections.

Guidelines Governing Requests for Proposals, Requests for Quotations and Tenders

A Request for Proposals (RFP) is typically utilized in procuring professional or consulting services or when suppliers are being invited to propose a solution to a problem, requirement or objective. Negotiations shall not be conducted with a proponent after the date in which proposals have been received. To preserve confidentiality of sensitive commercial information contained in a proposal, a proposal shall not be opened in public but will be opened in the presence of at least two representatives of the Town and a list of the proponents will be available to the public and the proponents upon request. An award of a contract based upon a request for proposals will be made to the supplier whose proposal is deemed to be the most advantageous to the Town based upon the criteria set out in the request for proposals and equitably applied to all proposals. The Town will employ a two envelope system on all Requests for Proposals.

When Request for Quotations (RFQ) is utilized, quotations will typically be sought from at least three suppliers but a lesser number of suppliers may be used when three suppliers are not available within a reasonable distance, having regard to the value of the goods and services, the shipping or travel cost and the amount of time available before the goods and services are required to be available. Quotations shall typically be sought in writing, but when time does not permit the quotations may be obtained verbally, except when this policy states otherwise, provided that a written record of any verbal quotation, including the time, date, supplier, price and description of the goods and services, the person from whom the quotation was obtained and the name of the municipal staff person obtaining the quotation is kept on file.

Through a tender process, the award is normally made to the lowest cost bid received from a responsible and compliant bidder. Tenders shall be opened in public.

Normal Purchasing Practices

Normal purchasing practices for the Town of Kensington shall be as follows:

1. For Goods and Services Having a Value of Less than \$1000

Goods and Services shall be procured under a standing offer agreement through the Supplier Registry and otherwise shall be purchased from any supplier except if staff have reason to believe that the supplier is not the lowest cost supplier for the item in question or that acquiring the goods and services from the supplier would otherwise not conform with the principles of this policy.

2. For Goods and Services Having a Value of More than \$1000 and Less than \$10,000

Goods and Services shall be procured under a standing offer agreement through the Supplier Registry and otherwise through a Request for Quotations.

3. For Goods and Services Having a Value of More than \$10,000 and Less than \$50,000

Goods and Services shall be procured by a standing offer agreement or by Request for Quotations except that, in addition to any other requirements of the Request for Quotation process:

- All quotations shall be obtained in writing;
- The Request for Quotations shall be made publicly or through invitation
- The Request for Quotations shall be placed electronically on the Town's website.

4. For Goods and Services Having a Value of More than \$50,000

Goods and Services shall be procured through a public tendering, request for proposals or request for quotations process as deemed appropriate by Town Council. Invitations to tender or requests for proposals shall be posted electronically on the Town's website and shall normally be advertised in one or more publications of appropriate circulation. The public tendering process and/or the request for proposals process may be employed for goods and services values of less than \$50,000 when deemed appropriate.

Supplier Registry

Suppliers/Contractors wishing to do business with the Town of Kensington shall be encouraged to register in the Town's Suppliers Registry. The Registry shall be maintained by the CAO or his/her designate and shall consist in a table of prospective suppliers for goods and services of various types, along with contract information. At least once per year, the Town will advertise the existence of the Supplier Registry and the method of registration in order to update the registry.

Unsatisfactory Suppliers

The Town may refuse to purchase goods and services from a supplier, and may remove the supplier from the Supplier Registry, if, in the opinion of Town Council the supplier has not provided satisfactory performance, satisfactory quality goods or has otherwise provided poor value to the Town. Reinstatement to the Suppliers Registry shall only be made by Town Council.

Sole Source Procurement

Purchases may be made from a single source without quotations or tenders where,

1. The compatibility of a purchase with existing equipment and/or facilities is of paramount consideration and that purchase must be made from a single source;
2. The item is being purchased for testing or trial use;
3. A product is leased or rented by the Town with a credit purchase option and such purchase is deemed beneficial to the Town;
4. To undertake a public competitive bidding process would be injurious to the confidentiality of a supplier/contractor, i.e. security issues, policing matters or other confidential matters.
5. Notwithstanding any provision of this policy, Town Council determines that such a procurement method is fair and reasonable.

Credit Card Purchases

The CAO and Mayor shall be assigned and shall have authority over, subject to compliance with this policy, the use of Corporate Credit Cards. The Corporate Credit Cards shall have a combined limit as set by Town Council from time to time. Credit Card purchases shall be based upon the following guiding principles:

1. All expenditures shall correspond to an approved budget line item and shall be charged to the appropriate ledger account;
2. All expenditures shall be accompanied by receipts and other supporting documentation where appropriate;
3. All expenditures shall be restricted to Town business purposes only;

Professional Services

Notwithstanding any provision of this policy, contracts for professional services such as legal, accounting, planning and engineering may be extended by Town Council without issuing a tender or request for proposals if Council believes that the benefit of the knowledge and expertise of the Town and its' operations that is accumulated by the professional service provider outweigh any potential cost saving through a competitive bidding process.

Emergency Expenditures

An emergency is defined as a situation in which the Town must expend money or other resource in order to protect people and/or property and which there is inadequate time for Town Council to give its prior authorization for the expenditure.

Emergency purchases shall be completed using the most expedient method, but will take economy into consideration.

The CAO shall have authority to make emergency expenditures. The CAO shall report all emergency expenditures to the Town Council as soon as reasonably practical following the expenditure reporting the nature of the emergency and the nature and amounts of each expenditure.

Local Preference

The Town supports local merchants/businesses by encouraging the use of local suppliers and by purchasing locally, where all things are equal.

The following priorities will be given where all things are equal, i.e. after giving due consideration to determining overall best value:

- Firstly – Locally
- Secondly – Within the Province
- Thirdly – Within Canada
- Fourthly – Outside Canada

Full consideration shall be given to potential future costs or savings that may be experienced by purchasing locally.

Staff Estimations

Where the value of any goods or services governs the procurement process to use under this policy, staff shall reasonably estimate the value of such goods and services where no definitive information is available to determine the total cost. Reasonable efforts shall be made to acquire sufficient information to put forth reasonable cost estimations for goods and services.

Conflict of Interest

The Town shall not consider any bid, or otherwise acquire any good or service from an elected official or employee of the Town.

No elected official or employee of the Town may purchase goods or services for personal use through the Corporation.

No elected official or employee of the Town shall purchase or offer to purchase on behalf of the Town, except in accordance with this policy.

Exemptions to this Policy

While the provision of most goods and services may provide for competitive bidding or quotations, there are some goods and services which are exempt from this policy:

1. The purchase of land or buildings
2. Training and Education, i.e. conferences, courses, periodicals, magazines/subscriptions, professional development
3. Refundable Employee/Town Council Expenses, i.e. per diems, accommodation charges, travel expenses
4. Employer's General Expenses, i.e. Payroll deduction remittances, tax remittances, workplace safety payments
5. Hydro Utility
6. Emergency Requirements as defined under Section 11
7. Advertising Services required by the Town on or in, but not limited to radio, television, newspaper and magazines.
8. Programs or services which may be offered to the Town of Kensington that when made public would violate a confidentiality agreement or offer made in confidence.

Disposal of Assets

Where any goods are surplus, obsolete or unrepairable, they shall be declared surplus. When no other use can be found for these items, they may be disposed of through a tender, quotation or trade in, whichever is in the best interest of the Town. Where an item has limited market value, the CAO may, to the benefit of the Town, dispose of the item in a manner other than the ones listed above. The CAO shall obtain the approval of Town Council prior to the disposal of any Town owned assets.

Expenditure Approval Authorities

Mayor and Council	Unlimited with approval by Resolution of Town Council
Chief Administrative Officer	\$10,000 (May be exceeded in emergency situations, every effort shall be made to confer with the Mayor and/or appropriate Committee Chair prior to the purchase and the purchase shall be reported at the nearest following Town Council meeting)
Deputy Administrator	\$ 2,000 (May be exceeded in instances where the CAO is absent. Shall have the approval of the Mayor and/or the appropriate Committee Chair prior to exceeding approval authority)
Police Chief	\$500 subject to budget availability
Public Works Manager	\$200 subject to budget availability

Date of Passage: _____

I certify that this policy was adopted by Town Council as indicated above.

Chief Administrative Officer

Date