

POLICY 99-03

TOWN OF WOODSTOCK

DEPARTMENT COVERED: ALL MUNICIPAL
DEPARTMENTS

SUBJECT: PURCHASING POLICY

APPROVED: TOWN COUNCIL

DATE: APRIL 26, 1999

PURCHASING POLICY

INTRODUCTION: THIS POLICY IS TO GIVE DIRECTION AND GUIDANCE TO ALL PERSONNEL INVOLVED IN PURCHASING AND SUPPLY OF GOODS AND SERVICES.

RESPONSIBILITY: IT IS THE RESPONSIBILITY OF ALL WHO HAVE BEEN DELEGATED THE AUTHORITY TO COMMIT FUNDS THROUGH THE PURCHASING FUNCTION TO ADHERE TO THIS POLICY.

PURPOSE: TO ASSURE THE UNIFORM, ECONOMIC AND EFFICIENT PROCUREMENT OF MATERIALS, EQUIPMENT, SUPPLIES AND SERVICES.

GENERAL

1. THE CHIEF ADMINISTRATIVE OFFICER AND DIRECTOR OF ADMINISTRATIVE SERVICES ARE RESPONSIBLE FOR THE PROCUREMENT OF ALL GOODS AND SERVICES AND WILL EITHER PROVIDE THE GOODS AND SERVICES FOR PROCUREMENT OR WILL GIVE DIRECTION TO OTHERS DELEGATED THE AUTHORITY TO PERFORM SUCH SERVICE.
2. THIS POLICY IS TO ENCOURAGE AND STIMULATE COMPETITIVE PURCHASING.
3. PERIODIC REVIEW OF PURCHASING PRACTICES AND PROCEDURES WILL BE DONE TO ENSURE COMPLIANCE WITH THE POLICY.
4. PURCHASING PERSONNEL ARE TO SEEK TO OBTAIN AND PURCHASE ALL GOODS AND SERVICES AT THE LOWEST POSSIBLE TOTAL COST, CONSIDERING THE GUIDELINES OF PRICES, SERVICE, QUALITY, OPERATING COSTS, DELIVERY AND VENDOR'S PAST PERFORMANCE. IN THIS ENDEAVOUR, THE PURCHASING PERSONNEL WILL FORMULATE SPECIFICATIONS FOR USE IN BID REQUESTS TO ALLOW FOR THE MAXIMUM NUMBER OF BIDDERS, RECOGNIZING THE OCCASIONAL NEED FOR PURCHASING ITEMS OF A SPECIFIC NATURE.

-2-

5. ANY EMPLOYEE OF THE TOWN OF WOODSTOCK WHO HAS A DIRECT OR INDIRECT INVOLVEMENT IN THE PURCHASING ACTIVITY MUST ABIDE BY THE STANDARDS OF PURCHASING ETHICS.
6. COMPETITIVE BIDS ARE TO BE SOLICITED FOR ALL SUPPLIES,

MATERIALS, EQUIPMENT AND SERVICES WITH THE EXCEPTION OF PERSONAL OR PROFESSIONAL SERVICES.

7. IT IS THE RESPONSIBILITY OF THE PURCHASING PERSONNEL TO MAINTAIN CONSISTENT PURCHASING PRACTICES AND TO MAKE THE DETERMINATION AS TO THE MOST EFFECTIVE METHOD OF PROCUREMENT DEPENDING ON VALUE, TIME AND CIRCUMSTANCES INVOLVED. SUCH PRACTICES WILL INCLUDE:

TELEPHONE PRICE ENQUIRIES
WRITTEN REQUEST FOR QUOTATIONS
WRITTEN REQUEST FOR PROPOSALS
TENDERS
CO-OPERATIVE PURCHASING

GUIDELINES GOVERNING SUCH PRACTICES ARE ESTABLISHED UNDER THE POLICY BIDS, QUOTATIONS AND TENDERS WHICH FOLLOWS ON PAGE 3.

APPROVAL REQUIREMENTS

1. UNLESS AN EMPLOYEE HAS APPROVAL AUTHORITY, HE/SHE IS REQUIRED TO OBTAIN APPROPRIATE APPROVAL OF EACH PURCHASE TRANSACTION PRIOR TO THE ISSUE OF A PURCHASE ORDER.
2. THE CHIEF ADMINISTRATIVE OFFICER IS RESPONSIBLE FOR DESIGNATING THE DEPARTMENT HEADS WHO HAVE PURCHASING AUTHORITY AND THEIR PURCHASING LIMITS. SEE ATTACHED SCHEDULE "A".
3. ALL DEPARTMENT HEADS ARE RESPONSIBLE FOR DESIGNATING THE PERSONNEL IN THEIR RESPECTIVE DEPARTMENTS WHO ARE AUTHORIZED TO APPROVE PURCHASES. THE PURCHASING LIMIT IS AS ASSIGNED BY THE DEPARTMENT HEAD IN CONSULTATION WITH THE C.A.O.. THE NAMES OF PERSONNEL AND THEIR APPROVAL LIMIT SHALL BE SUBMITTED IN WRITING TO THE C.A.O. FOR APPROVAL. ANY CHANGES MUST ALSO BE APPROVED AS THEY OCCUR. SEE ATTACHED SCHEDULE "B".

-3-

4. FRAGMENTATION OF PURCHASES SHALL NOT BE USED TO CIRCUMVENT APPROVAL LIMITS.

BIDS, QUOTATIONS AND TENDERS

1. THE C.A.O. AND/OR DEPARTMENT HEAD WILL DETERMINE WHICH OF THE FOLLOWING METHODS WILL BE USED BASED ON THE CIRCUMSTANCES AND MAGNITUDE OF THE REQUIRED.

A. TELEPHONE/FACSIMILE BIDS
ESTIMATED COST LESS THAN \$ 1,000.00

MINIMUM NUMBER OF BIDS: THREE (3)

TIME TO PROVIDE PRICE: ONE WORKING DAY

B. WRITTEN REQUEST FOR QUOTATIONS

ESTIMATED COST LESS THAN \$ 10,000.00

MINIMUM NUMBER OF BIDS: THREE (3) TO FIVE (5)

TIME TO PROVIDE PRICE: THREE WORKING DAYS

C. WRITTEN REQUEST FOR PROPOSAL (SERVICE RELATED)

ESTIMATED COST LESS THAN \$ 20,000.00

MINIMUM NUMBER OF PROPOSALS THREE (3)

TIME TO PROVIDE PROPOSALS ONE WORKING WEEK

-4-

D. TENDERS (EQUIPMENT, WORKS OR SERVICES WHICH REQUIRE A BID BOND AND/OR PERFORMANCE BOND)

1. ESTIMATED COST LESS THAN \$ 100,000.00

MINIMUM NUMBER OF TENDERS: INVITED TENDERS
(3)

TIME TO PROVIDE TENDERS: TWO WEEKS

2. ESTIMATED COST OVER \$ 100,000.00

FORMAL TENDER PROCESS MAY INVOLVE CONSULTING ENGINEERS

2. PURCHASES WILL BE SUBMITTED BY THE CHIEF ADMINISTRATIVE OFFICER TO COUNCIL IN THE FOLLOWING INSTANCES:

A. PURCHASES IN EXCESS OF \$ 10,000.00

- B. PURCHASES WHERE OTHER THAN LOW TOTAL COST IS RECOMMENDED
- C. WHERE THE BUDGETED AMOUNT IS EXCEEDED

CONFIDENTIALITY

- 1. DURING THE BID, QUOTATION, TENDERING PROCESS ALL INFORMATION WITH RESPECT TO COMPETITOR PRICES AND SERVICES IS CONFIDENTIAL. THEREAFTER, ALL SUCH INFORMATION IS AVAILABLE TO THE PUBLIC UPON REQUEST.

-5-

ENGAGING PROFESSIONAL SERVICES

- 1. PURPOSE: TO ESTABLISH POLICY REGARDING THE PROCUREMENT OF PROFESSIONAL SERVICES.
- 2. SCOPE: THIS POLICY APPLIES TO THE FOLLOWING CONSULTING SERVICE CLASSIFICATION:
 - A. TECHNICAL - STRAIGHT-FORWARD DESIGN AND PROFESSIONAL SERVICES AND OTHER ROUTINE TECHNICAL OR PROFESSIONAL TASKS.
 - B. POLICY - STUDIES DEALING WITH LONG AND SHORT-TERM MATTERS WHICH HAVE POLICY IMPLICATIONS FOR THE COUNCIL.
- 3. GENERAL:
 - A. THE MUNICIPALITY MAY MAINTAIN A LIST OF FIRMS OR CONSULTANTS QUALIFIED TO UNDERTAKE BOTH POLICY AND TECHNICAL SERVICES FOR THE MUNICIPALITY. THE LIST TO BE UPDATED ON A REGULAR BASIS IN CONSULTATION WITH USER DEPARTMENTS.
 - B. TOWN COUNCIL MAY SEEK, TO THE DEGREE PRACTICABLE,

TO DISTRIBUTE THE ACQUISITION OF QUALIFIED CONSULTANTS BASED ON THE FOLLOWING:

- WOODSTOCK
- NEW BRUNSWICK
- ATLANTIC CANADA
- OTHER

C. IN CONSIDERING CONSULTANT FIRMS, THE FOLLOWING CRITERIA MAY BE CONSIDERED:

- S TECHNICAL EXPERTISE OF THE FIRM FOR THE TASK REQUIRED
- S CAPABILITY TO EXECUTE CONTRACT WITHIN THE TIME FRAME REQUIRED
- S PAST PERFORMANCE OF THE FIRM IN MUNICIPAL ACTIVITIES

-6-

- S AVAILABILITY FOR FOLLOW-UP
- S LOCAL KNOWLEDGE
- S SCALE OF RATES TO BE CHARGED
- S OTHER RELEVANT FACTORS

D. IN SEEKING PROFESSIONAL SERVICES THERE MAY BE DIFFERENT METHODS OF SELECTION DEPENDING ON WHETHER THE SERVICE IS OF A TECHNICAL OR POLICY NATURE. WHERE THERE IS AMBIGUITY AS TO WHICH CATEGORY OF SERVICE IS INVOLVED, THE COUNCIL-IN-COMMITTEE MAY MAKE THE DETERMINATION.

E. FOR SERVICES OF A TECHNICAL NATURE, THE C.A.O. MAY BE THE APPOINTING AUTHORITY ON RECOMMENDATION FROM THE DEPARTMENT HEAD WHO SELECTS PROSPECTIVE CONSULTANTS FROM A SHORT LIST IN ACCORDANCE WITH THE SELECTION CRITERIA.

F. FOR SERVICES OF A POLICY NATURE, TOWN COUNCIL MAY BE THE APPOINTING AUTHORITY AFTER RECEIVING PROPOSALS EVALUATED BY THE DEPARTMENT HEAD AND THE C.A.O.. SUCH PROPOSALS ARE RECEIVED FROM A SHORT LIST OF CONSULTANTS IN ACCORDANCE WITH TERMS OF REFERENCE PREPARED BY THE DEPARTMENT HEAD AND APPROVED BY TOWN COUNCIL. (NOTE: FOR ANY GIVEN POLICY STUDY, TOWN COUNCIL MAY CHANGE OR VARY AS IT SEES FIT).

NEGOTIATIONS

1. PURPOSE: THIS POLICY PROVIDES THE GUIDELINES TO BE USED IN ALL PROCUREMENT NEGOTIATIONS.

2. SCOPE: THIS POLICY APPLIES TO ALL EMPLOYEES.
3. GENERAL: NEGOTIATIONS MAY BE A FORMAL OR SEMI-FORMAL PROCESS SUCH AS OCCURS IN CONTRACT NEGOTIATIONS, OR MAY BE AN INFORMAL PROCESS OR ACTIVITY THAT TAKES PLACE IN QUALIFYING A VENDOR, EVALUATING A PRODUCT, ESTABLISHING A SET OF SPECIFICATIONS, OR UNDERTAKING ANY OF THE OTHER ASPECTS OF THE PROCUREMENT FUNCTION. THE FOLLOWING IS A LIST OF SOME AREAS WHERE THE NEED FOR NEGOTIATION EXISTS:

-7-

- A. THE PRODUCT IS TO BE DESIGNED AND/OR PRODUCED ACCORDING TO UNIQUE SPECIFICATIONS.
- B. PROCUREMENT TIME IS "OF THE ESSENCE".
- C. SINGLE SOURCES OF SUPPLY OR WHERE ACTIVE PRICE COMPETITION IS LACKING.
- D. SPECIFICATIONS ARE VAGUE AND INDEFINITE.
- E. PROCUREMENT IS TO EXTEND OVER A LONG PERIOD OF TIME.
- F. SEVERAL DESIGN OR SPECIFICATION CHANGES ARE ANTICIPATED.
- G. LARGER FUTURE REQUIREMENTS ARE ANTICIPATED.
- H. THE PROCUREMENT INVOLVES A SUBSTANTIAL INITIAL INVESTMENT BY THE SUPPLIER, OR AN EXTENDED PERIOD OF PREPARATION AND/OR BY ENGINEERING.
- I. THE QUOTATION PROCEDURE OF ESTABLISHING FAIR AND REASONABLE PRICES IS SUBJECT TO DOUBT.

WHENEVER DOUBTS ARE RAISED, OR COULD ARISE, AS TO THE NECESSITY OR MANNER OF NEGOTIATING, PURCHASING PERSONNEL ARE ADVISED TO SEEK ASSISTANCE AND ADVICE OF THE C.A.O.

PRICE VALIDATION

1. GENERAL: IT IS THE BASIC RESPONSIBILITY OF ALL PURCHASING PERSONNEL TO VALIDATE THE REASONABLENESS OF ALL PRICES PAID FOR GOODS AND SERVICES WITH FULL KNOWLEDGE OF MARKET CONDITIONS. THE PREFERRED METHOD IS TO CONDUCT PRICE ANALYSIS OF EQUAL OR COMMON GOODS AND/OR SERVICES, TAKING INTO CONSIDERATION SUCH THINGS AS:

S INITIAL PURCHASE PRICE
S UNITS OF MEASURE
S EFFECTIVENESS
S FEATURES
S MAINTENANCE

- 8 -

S REPLACEMENT PARTS
S WARRANTIES
S CASH TERMS
S TRANSPORTATION COSTS
S LEAD TIME (DELIVERY)
S INVENTORY COST
S PACKAGING AND HANDLING COST
S RECOVERY COSTS

PURCHASES BY EMPLOYEES

1. GENERAL: EMPLOYEES SHALL NOT USE THE TOWN'S PURCHASING SYSTEM FOR THE PURPOSE OF ACQUIRING GOODS AND/OR SERVICES FOR PERSONAL USE AND SHALL NOT BE PERMITTED PURCHASES FROM THE TOWN OF ANY MATERIALS PROCURED FOR THE TOWN'S USE.

PURCHASING POLICY

POLICY 99-03

SCHEDULE "A"

<u>DEPARTMENT HEAD</u>	<u>PURCHASING LIMIT</u>
DIRECTOR OF ADMINISTRATIVE SERVICES	5,000.00
PUBLIC WORKS SUPERINTENDENT	1,000.00
DIRECTOR OF RECREATION AND COMMUNITY SERVICES	1,000.00
POLICE CHIEF	1,000.00
FIRE CHIEF	1,000.00

EFFECTIVE DATE:

APPROVED:

C.A.O.

PURCHASING POLICY

POLICY 99-03

SCHEDULE "B"

DEPARTMENT :

NAME OF EMPLOYEE

PURCHASING LIMIT

EFFECTIVE DATE :

RECOMMENDED :

APPROVED :