

## **Policy #4**

### **Contracting and Purchasing**

Created: March 2014

Last Reviewed:

Amended:

#### **OBJECTIVES:**

- To ensure that contracting and purchasing activities are carried out in a fair, fiscally responsible, accountable, open and competitive manner.
- To maximize economic benefit for the Klondike area.

#### **SCOPE:**

This policy applies to all contracts and purchases

#### **PRINCIPLES:**

1. To transact without prejudice, seeking to obtain the maximum value for each dollar of expenditure.
2. To provide financial control over the purchasing of goods or services through the use of contracts approved by authorised signing authorities. All expenditures must have prior budget allocation and/or approvals by delegated Board members.
3. When purchasing or contracting for goods & services in the Klondike area, KDO will endeavor to support Klondike-based businesses by:
  - Ensuring Klondike-based businesses have the opportunity to submit bids or proposals on contracts and that they are competing on an equitable basis with contractors from outside the community.
  - Taking into account the full cost of contracting outside the community, particularly as it relates to freight and mobilization costs.

#### **GUIDELINES:**

1. Advertising of opportunities shall be done for a minimum period of 2 weeks, and include at a minimum, the following means of notification:
  - Dawson City Post Office bulletin board; and
  - KDO website and Facebook page
2. Prospective bidders will be given copies of requests for proposals or bids upon request.
3. KDO will encourage competition but will retain the ability to sole source purchases under specified thresholds.
4. KDO will endeavor to purchase or contract for goods and services in the Klondike area to the extent that:



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- Doing so reasonably conforms to this policy
- Its need can be met by Klondike-based businesses;
- The value of goods and services is reasonably competitive with quotations from suppliers outside of the Klondike area

5. Geographical preference will be given to suppliers in the following order of priority: Klondike, Yukon, Canada, USA and others

Preferential price differential will be applied on the following basis (including GST and any freight and/or mobilization costs):

- Up to 10% differential, Klondike area suppliers will be used;
- Up to 15% differential, Yukon Suppliers will be used;
- Up to 20% differential, Canadian suppliers will be used;
- Above 25% differential, USA and other suppliers will be considered.

6. Sourcing Thresholds (exclusive of GST):

For the purchase of goods:

1. Below \$1,000 estimated value, the KDO may enter into a sole-source purchase directly from a supplier.
2. Between \$1,000 and \$5,000 estimated value, the KDO will invite quotes from at least two sources or may advertise a public request for proposals or bids.
3. Above \$5,000 estimated value, KDO will issue publicly advertised requests for proposals or bids.

For the purchase of services:

1. Below \$1,000 estimated value, the KDO may enter into a sole-source purchase directly with a contractor.
2. Between \$1,000 and \$5,000 estimated value, the KDO will invite quotes from at least two sources or may advertise a public request for proposals or bids.
3. Above \$5,000 estimated value, KDO will issue publicly advertised requests for proposals or bids.

7. Purchasing and contracting decisions will be approved as follows:

- Purchases and contracts up to \$1,000 within budgets approved by the Board of Directors, may be approved by the Management Contractor
- The Board of Directors may from time to time delegate authority to make specific purchasing or contracting approvals over \$1,000 to the Management Contractor within budgets approved by the Board of Directors
- Any and all proposed tender awards to bidders other than the lowest bidder shall require prior approval of the Board of Directors
- All other purchases and contracts shall be approved by the Board of Directors