

# Tendering and Procurement Policy



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## 1. PURPOSE

The purpose of this policy is to establish guidelines for the purchase of goods and services and for construction projects undertaken by the Town and guidelines for the sale of municipal capital assets.

## 2. PRINCIPLES

The following principles will guide the procurement practices of the Town and the process for the sale of municipal capital assets:

- An open, fair and consistent process for:
  - the procurement of all goods, services and construction projects that will ensure the best value for dollar spent;
  - the sale of surplus assets that will ensure the best value for capital assets sold;
- Procurement processes that encourage competitive bidding for the supply of all goods and services;
- Tendering & Competitive Bid Law requires that public procurement is subject to the Trade Treaties;
- Accountability of the Town for the:
  - procurement of goods, services, and construction;
  - the disposal of surplus capital assets.

## 3. DEFINITIONS

**Bid** means a competitive bid received from a supplier in response to a verbal or written Request for Quotation, a Request for Proposal or an Invitation to Tender.

**Bid Opportunity** means a publicly advertised invitation for suppliers to submit bids for the provision of goods or services through a Request for Quotation, a Request for Proposal or an Invitation to Tender.

**Goods** mean all types of personal property (machinery, gravel, office supplies, computer hardware, land, etc).

**Services** mean all types of services, including construction (consulting, engineering and design, accounting and auditing services, legal services, maintenance, operation and repair of buildings, machines, or equipment, etc).

#### 4. SCOPE

This policy applies to the procurement of goods and services by purchase, lease, rental or other agreement by the Municipality and the disposal of surplus capital assets by the Municipality.

#### 5. PROCUREMENT GUIDELINES

The value of the goods and services is the total financial commitment resulting from the procurement, including any premiums, fees, commissions, interest, duty, freight and applicable taxes.

The following guidelines will be followed for the purchase of goods and services:

- **CATEGORY 1: Up to \$10,000** – For the acquisition of goods and services with a value of up to \$10,000.00, following due product research, the department managers/CAO are authorized to approve purchases without first obtaining comparative quotes. Expediency in obtaining daily or frequently used goods such as office and shop supplies is to be considered in purchasing.
  - Funds are to be clearly identified in the Town's Financial Plan;
  - Purchase orders may be required;
  - Purchases are to be approved by senior management;
  - Purchases by credit card are subject to these limits, individual card limits.
- **CATEGORY 2: More than \$10,000.00 and up to \$25,000.00** – For the acquisition of goods and services with a value of more than \$10,000.00 and up to \$25,000.00 for such services included and approved with the annual Town's Financial Plan and for which at least 2 written quotations will be required, may be approved by the CAO. These quotations shall be submitted in writing. In cases of minor purchase or standardized supplies where comparative advertised prices are advertised, a copy of an email or advertisements may serve as a written quotation.
- **CATEGORY 3: More than \$25,000.00 and up to \$75,000.00** – For the acquisition of goods and services with a value of more than \$25,000.00 and up to \$75,000.00, at least 3 written quotations will be requested. Responses to all requests are not required, but proof of submission of 3 requests for quotation (RFQ) vendors is required. These quotations shall be written except during a state of local emergency where due to immediate need and time constraints normal procurement methods cannot be followed. Purchases from suppliers of items in highly competitive markets where the same price could be obtained from any supplier, such as automobiles, may be purchased without quotations but must be documented and pre-approved by the CAO. Expenditures which have been clearly identified and approved in the annual Town's Financial Plan may be authorized by the CAO.

- **CATEGORY 4: More than \$75,000.00 (NWPTA Article 14(c))** – For the acquisition of goods and services of more than \$75,000.00, the Town will provide a bid opportunity, using a procurement method identified in Part 6 of this policy. Funds are to be clearly identified in the Town’s Financial Plan. Council approval is required for capital construction projects where the procurement could result in a disruption or significant change to existing services, in cases where the low bid is not accepted, and professional contracts.

## 6. METHODS AND PROCESS OF PAYMENT

The Town will use the following methods of procurement:

- **Sole Source Purchases** – Sole source purchases will be used in the following circumstances:
  - when there is only one available supplier of a required product or service that meets the needs of the Town and reasonable efforts have been made to obtain competing quotes;
  - when the product or service is under warranty;
  - under exceptionally advantageous circumstances such as unforeseeable urgency and/or specific construction materials;
  - where continuous service and maintaining relationships is required for capital asset maintenance and for daily utilized goods and services, it is reasonably deemed to be a financial disadvantage to change suppliers on a regular basis;
  - During a disaster or emergency declared by a council or head of council under the *Emergency Measures Act* where due to immediate need and time constraints normal procurement methods cannot be followed.
- **Requests for Quotation (RFQ)** – the Town may obtain quotations for provision of goods and services for which there are specific requirements in the following manner:
  - **By directly contacting known suppliers.** This method will be used for the procurement of minor goods and services such as standard office supplies, repairs, small tools, etc. and is determined that sufficient competition exists within this group.

Where possible, written quotations will be obtained from at least 2 suppliers. Verbal quotations will be accepted for routine minor purchases.

- **Through a written Request for Quotations (RFQ)** – an RFQ for the procurement of goods and services will be used where the goods and services have specific and detailed requirements but are not considered to be “minor” and the cost of the good or service does not warrant the time and level of effort required for a formal tender process.

Suppliers will be invited to provide quotations for the sale of goods and services through a public advertisement (bid opportunities).

- **Requests for Proposals (RFP)** – An RFP will be used to initially engage the professional services, such as auditors, planning consultants, engineering consultants, etc. and upon the professional services being engaged may continue to until Council directs otherwise of the services are no longer required (regardless of the amount of the anticipated procurement).

Potential suppliers will be asked to describe how their services, methods, equipment or products can address and / or meet the needs of the Town.

An award of a contract will be given to the supplier whose proposal is determined to be the most advantageous to the Town based on criteria for evaluation set out in the RFP and applied to all proposals.

- **Formal Tenders** – The Town will formally tender for competitive bids for the procurement of capital projects.
  - Detailed specifications and requirements will be provided in tender documents. The evaluation of tenders will be against detailed specifications and requirements.
  - A Formal Tender is a formal, competitive sealed bidding process.

## **7. ADVERTISING BID OPPORTUNITIES**

- All bid opportunities solicited through a Request for Quotations, Request for Proposal, or a Formal Tender will be posted on the Town's website and may be advertised at least once in any locally distributed news source unless Council deems it to be in the best interest of the Town to have an invitational tender only.
- Bid opportunities for Goods and Services of \$75,000.00 or more and construction projects of \$200,000.00 or more will also be posted on MERX and/or another system which is readily accessible across Canada, in accordance with the new Canadian Free Trade Agreement (CFTA) Article 504 3.(b) (replaces the former Agreement on Internal Trade MASH Annex 502.4) and the New West Partnership Trade Agreement (NWPTA) Article 14(c).

## **8. AWARD OF CONTRACTS**

Quotations, proposals and tenders will be awarded using the evaluation process that is specified in the procurement documents. Generally, the Town will award contracts as follows:

- To the lowest total cost bid, in the case of quotations received from a supplier for a good or service;

- To the highest scoring bidder whose proposal has met established evaluation criteria, in the case of proposals submitted to the Town in response to a Request for Proposal or Tender;

Total cost, qualifications, experience, services offered, past performance, scheduling requirements, COR Certification, performance bonds, and warranty coverage are examples of procurement scoring criteria that may be used. (Past performance evaluations are to be well documented with relevant reliable information).

The Town retains the right to reject all bids if Council decides not to proceed with the purchase, if all bids are too high, or if none meet the needs of the Town. All non-compliant bids will be rejected.

The Town may enter into a contract with the successful bidder. The form of the contract will be determined by the Town.

## 9. DELEGATION OF APPROVALS

Authority to approve procurements of a good or service is as follows:

- **TIER 1:** Less than **\$1,000.00** – Assistant Chief Administrative Officer, Deputy Fire Chief(s) and Department Leads, as long as the expenditure is identified in the Town’s Financial Plan;
- **TIER 2:** Less than **\$10,000.00** – Staff in the following positions have authority to procure goods and services with a value less than or equal to \$10,000, as long as the expenditure is identified in the Town’s Financial Plan:
  - Chief Administrative Officer
  - Operations Manager
  - Fire Chief
- **TIER 3:** Over **\$10,000.00** and up to \$75,000.00 – CAO, as long as the expenditure is identified in the Town’s Financial Plan;
- **TIER 4:** Over \$75,000.00 - Council

## 10. PROCUREMENT ACCOUNTING AND MANAGEMENT

### **Procurement Tracking System**

The Chief Administrative Officer (CAO) will prepare accounts payable listings that include the supplier name, the good(s) and/or service(s) provided and the amount payable to each supplier.

The accounts payable listing(s), supported by invoices that have been signed by the appropriate department head(s), are to be submitted to Council at the first Regular meeting of Council each month for payment approval by resolution of Council.

The CAO will issue payment for all accounts payable authorized for payment by resolution of Council and to maintain adequate record of accounts payable listings, the corresponding invoices and cheque registry information.

### **Procurement Reporting System**

The CAO will provide council with a monthly report on contracts awarded under this policy.

The CAO will provide Council with a monthly progress report for each capital construction project that is underway. A progress report will be provided each month, beginning with the starting month of the project until the completion of the project when all invoices relating to the project have been paid.

## **11. PROCESS FOR SELLING SURPLUS CAPITAL ASSETS**

Surplus capital assets will be disposed of in the following manner:

- Competitive bid process through a Request for Quotations
- Consignment
- Public Auction
- Trade in for new equipment

Invitations to bid on capital assets offered for sale by the Town will be:

- Posted on the Town's website for a least 21 days before the closing date of the invitation to bid;
- Published in a least one edition of the local newspaper for assets with an estimated fair market value in excess of \$5,000.

Surplus assets traded in on new or replacement assets will not be advertised for public sale.

Non-capital items (e.g. chairs, tables, office equipment) valued at under \$1,000 can be disposed of via donation, auction, or sale as authorized by the Chief Administrative Officer.

All sales of assets shall be conducted on an "as-is" basis, with no warranties or guarantees provided by the Town.

Contracts for the sale of a capital asset to a bidder shall be awarded using the evaluation process that is specified in the invitation to bid. The Town is not required to accept a bid if Council decides not to proceed with the sale, for example, if all bids are too low. The highest or any bid will not necessarily be accepted.

The CAO may, with the approval of Council, award surplus capital assets without competition or auction to any municipality in limited circumstances, as determined and approved by Council.