



## RURAL MUNICIPALITY OF ST. ANDREWS POLICY AND PROCEDURES MANUAL

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### **PURCHASING AND PROCUREMENT POLICY**

#### **A. Purpose**

Subsection 251.1 of *The Municipal Act* requires all municipalities to adopt a municipal tendering and procurement policy. The purpose of this policy is to establish guidelines for the purchase of goods and services, and for construction projects undertaken by the Rural Municipality of St. Andrews, and the sale of municipal capital assets.

Further to this, according to subsection 169(1) of *The Municipal Act*, a municipality may make an expenditure only if it is:

- (a) provided for in the council's interim operating budget, operating budget or capital budget;
- (b) an emergency purchase made in respect of a disaster or emergency declared by the council or head of council under The Emergency Measures Act;
- (c) ordered by a court or The Municipal Board to be paid; or
- (d) authorized by the council under this section.

These two subsections of *The Municipal Act* establish the parameters for the acquisition of goods and services by the Rural Municipality of St. Andrews.

Net Departmental expenditures are authorized by Council each year as part of the Annual Budget process. Upon Council's approval of proposed budgetary estimates, this policy shall govern the levels of authority for approvals required for the expenditures. Capital purchases approved for specific projects and values shall be considered as approved by Council and further Council approval will be required only in the event of an irregular result or bids received over the allocated budgeted figure.

#### **B. Definitions**

**Bid:** shall mean a submission from a prospective purchaser in response to a request for the sale of surplus capital assets of the Municipality.

Bid Deposit: shall mean a financial guarantee to ensure the successful bidder will enter into a purchasing arrangement or agreement.

CAO: shall mean the Chief Administrative Officer or designate for the Rural Municipality of St. Andrews.

Committee: shall mean a committee as designated by the Council of the Rural Municipality of St. Andrews.

Co-operative Purchasing: shall mean a variety of arrangements whereby two or more public procurement entities combine their requirements in a single procurement process to obtain advantages of volume purchases from the same supplier(s) or contractor(s).

Council: shall mean the Municipal Council of the Rural Municipality of St. Andrews.

Department Head: shall mean a head of a department operating within the Rural Municipality of St. Andrews.

Emergency Purchase: shall mean a purchase made in a crisis situation where immediate action is required to prevent the possible loss of life or property.

Formal Quotation: shall mean a competitive bid process for goods or services that sets out the particular requirements that is conveyed to and received from bidders in a written format to and from bidders by either e-mail, mail or fax.

Generic: shall mean that no specific brand or name shall be included as part of the specifications unless such a brand or name is required to identify the intent of a purchase, order or proposal.

Goods: refers to all types of personal property (machinery, gravel, office supplies, computer hardware, land, etc.)

Informal Quotation: shall mean a request, written or verbal that conveys the particular requirements for goods and/or services to potential suppliers to solicit responses in writing.

Invoice Approval Stamp: shall mean a stamp prescribed by the Chief Administrative Officer to ensure required approvals are applied to an invoice.

Purchase Order: means a written offer to procure goods and/or services or a written acceptance of an offer to acquire goods and services made on the Municipality's form.

Request for Proposal: means a document which sets out the particular professional services required by the RM, including all scope of work specifications, professional qualifications required and timelines for the services to be delivered.

Sealed Bids: are bids submitted in a sealed envelope clearly marked as to content, to a specified location, by a specified date and time.

Services: shall mean items such as telephone, gas, water, hydro, consultant services, legal surveys, medical and related services, insurance, leases for grounds, buildings, office or other space required by the RM and the rental, repair or maintenance or replacement of equipment, machinery, or other personal and real property.

Supplies: shall mean goods, wares, merchandise, material and equipment.

Tender: shall mean a document which sets out particular specifications for the commodity or service required. This can also refer to an offer in writing to execute some specified work or to provide some specified articles at a specified rate.

The Rural of Municipality of St. Andrews: herein is also referred to as “Municipality” or “RM”.

Vendor: shall mean any person or enterprise supplying goods or services to the Rural Municipality of St. Andrews.

### **C. Principles**

- C.1 This policy applies to the Municipality’s acquisition, by purchase, lease, rental or other agreement, of goods and services, including construction projects.
- C.2 Procurement of all goods, services and construction projects shall receive an open, transparent, fair and consistent process.
- C.3 Procurement purchases shall encourage competitive bidding for the supply of all goods and services.
- C.4 The sale of surplus capital assets shall receive an open, transparent, fair and consistent process to ensure the best value for capital assets sold.
- C.5 The Municipality shall be accountable for the procurement of goods and services and the disposal of surplus capital assets.
- C.6 The Municipality shall comply with the tendering and procurement rules established in The Agreement on Internal Trade MASH Annex 502.4.

### **D. Procurement Guidelines**

- D.1 All acquisition will be initiated through a purchase order, and will be used to support all levels of spending, and act as written approval to suppliers to proceed.
- D.2 The purchase of goods and services less than \$500.00, which are within the budget of the department, shall be authorized with written approval by the Department Head or CAO.
- D.3 For purchases or service contracts from \$500.00 to \$24,999.99, quotations shall be obtained, as per the Requests for Quotation procedures outlined in Section E.

- D.4 For purchases of and in excess of \$25,000.00, Tenders shall be used as per the procedure outlined in Section E, unless there is one sole supplier or quotes have been obtained from all known suppliers in the area.
- D.5 All contracts for professional services shall be obtained through Requests for Proposal, and approved by Council through resolution as per Section F.
- D.6 Used equipment purchases with a price over \$5,000.00 must have Council's pre-authorization with resolution, as specified in Section H.
- D.7 Surplus capital assets shall be handled through a competitive bid process as per Section I.
- D.8 The purchase of goods and services shall be from the supplier that can provide the required quality of good(s) or service(s) at the lowest cost to the Municipality, except as noted in Section G.9.
- D.9 The Municipality is not required to accept a bid if Council decides to not proceed with the purchase, if all bids are too high, or if none meet the needs of the municipality. The municipality retains the right to reject the lowest of any bid.
- D.10 The Mayor, the CAO and RM Committees are authorized discretionary spending of up to \$500.00 for use in emergency situations.
- D.11 Co-operative Purchasing. The Municipality may participate in co-operative purchasing initiatives with other government or broader public sector entities where it is in the best interests of the Municipality to do so. The co-operative purchasing process may be conducted in accordance with the procurement policies and procedures of the entity that is responsible for coordinating and leading the process, provided that those policies and procedures are consistent with the Municipality's obligations under applicable trade agreements and the Municipality's procurement goals and objectives set out in this policy.

### **E. Requests for Quotation**

- E.1 Requests for Quotation of one written "informal" quotation shall be used for the procurement of minor goods and services for under \$500.00 such as repairs, standard office supplies, etc.
- E.2 For purchases or expenditures from \$500.00 to \$4,999.99 the Department Head shall, if possible, obtain a minimum of two written "informal" quotations. The purchaser shall ensure that there are sufficient funds available in the department budget for the purchase.
- E.3 For purchases or expenditures from \$5,000.00 to \$24,999.99, the Department Head shall, if possible, obtain a minimum of three written "formal" quotations. The purchaser shall ensure sufficient funds are available in the department budget and the purchase must be approved by the CAO.
- E.4 Quotes will be obtained from local vendors located in the RM if they are deemed to provide the applicable goods or services and may be invited from selected vendors outside the RM requested at large as required to ensure the required number of quotations are obtained.

**F. Requests for Proposal**

- F.1 Requests for Proposals (RFP) shall be used to acquire professional services such as auditors, planning and engineering consultants, etc., regardless of the amount of anticipated procurement.
- F.2 Potential suppliers shall be asked to describe how their services, methods and equipment or products address and/or meet municipal needs.
- F.3 A contract shall be awarded to the supplier whose proposal is determined to be the most advantageous to the municipality based on the criteria set out in the RFP.

**G. Formal Tenders**

- G.1 Tenders shall be called for all purchases, expenditures and capital projects of or in excess of \$25,000.00, with the recommended bidder subject to approval by Council.
- G.2 If funds for the purchase are not allocated in the budget, alternate funding sources are to be determined and authorized under Municipal Act subsection 169(1) (d).
- G.3 All Tender opportunities for the procurement of goods and services valued equal to or greater than \$100,000 and construction projects valued equal to or greater than \$250,000 shall be advertised on Manitoba's electronic tendering system (MERX) and/or another system which is low cost, easy to use and readily accessible across Canada.
- G.4 Tenders shall be advertised at least once in an appropriate newspaper, and/or on the R.M. website, no less than ten days prior to the closing date.
- G.5 Tender documentation shall include detailed specifications and requirements:
  - a) A clear concise statement of the product or service requested;
  - b) A list of specifications or terms of reference;
  - c) A section detailing proof of general and liability insurance coverage, property insurance coverage and evidence of Worker's Compensation Benefit coverage, when applicable; and
  - d) A section detailing the criteria for payment.
- G.6 Tenders that do not meet the terms, conditions and specifications set out in the Tender package will be rejected.
- G.7 Tenders shall be opened in the Municipal Office by the Department Head or CAO with an elected official on the date and at the time specified in the Tender documents. Tenders received after the set date and time of closing shall be returned to the sender unopened.
- G.8 Tenders shall be awarded to the lowest responsible bidder, which shall take into account:
  - a) The bidder's ability to provide the good or service as specified within the time specified without delay or interference;
  - b) The documented quality of previous goods and services provided to the Municipality;

- c) The ability of the bidder to provide future maintenance and service.
- G.9 The Municipality reserves the right to not award the Tender to the lowest bidder in consideration of the above.
- G.10 Information on Tenders received will be made available to all bidders once Council has approved the bid through resolution.

## **H. Process for Purchasing Used Equipment**

- H.1 A comparison should be made on new identical equipment prior to purchasing used equipment.
- H.2 The Department Head will prove that fair market value is being paid for the purchase by a comparison of three or more similar items.
- H.3 Any purchase of used equipment with a price over \$5,000.00 must have Council's pre-authorization with resolution, stating the maximum amount that can be spent for such equipment.
- H.4 The equipment must meet or exceed departmental equipment requirements.

## **I. Bid Process for Selling Surplus Capital Assets**

- I.1 Surplus capital assets shall be handled through a competitive bid process by Requests for Quotation or public auction.
- I.2 Invitations to bid on capital assets offered for sale by the municipality shall be posted on the municipality's website for at least ten days prior to the closing date and published in at least one appropriate newspaper.
- I.3 Contracts for the sale of a capital asset shall be awarded using the bid submission and evaluation process specified below in Section J. The municipality is not required to accept a bid if Council decides to not proceed with the sale. The highest or any bid will not necessarily be accepted.
- I.4 The CAO may, with the approval of Council, award surplus capital assets without competition or auction to any municipality in limited circumstances.

## **J. Conditions Applicable to All Bid Submissions**

### **J.1 The following conditions apply to all bid submissions:**

- J.1.1 Bid documents must be submitted and received in the manner as specified in the bid document. No exemptions will be permitted.
- J.1.2 Bid received by the designated Municipal location later than the specified closing date and time will be returned to the bidder. In the case of sealed bids, the bid will be returned to the bidder unopened. No exemptions will be permitted.
- J.1.3 A bidder who has already submitted a bid may submit a further bid at any time up to the official closing time by letter bearing their signature.
- J.1.4 A bidder may withdraw a submitted bid at any time up to the official closing time by letter bearing their signature.

J.1.5 The receipt of all bids shall include the date and time of receipt of bid and initials of the employee accepting the bid.

**J.2 Bids may be rejected for any of the following reasons:**

J.2.1 Bid received after the specified closing date and time as specified in the bid document. No exceptions.

J.2.2 Bid does not comply with the requirements at time of closing as specified in the bid document. No exceptions.

J.2.3 Bids which are incomplete, conditional or obscure, or which contain additions not called for, erasures, alterations or irregularities of any kind.

J.2.4 Does not meet specification requirements.