



Rural Municipality of Lac du Bonnet

POLICY & PROCEDURES MANUAL

<i>Reference</i> Financial Administration	<i>Classification</i> Policy
<i>Subject</i> Municipal Tendering & Procurement Policy	<i>Pages</i>
<i>Authority</i> Subsection 251.1 of The Municipal Act	<i>Effective Date</i>
<i>Approved</i> Council By Resolution 2018 0317	<i>Index</i>

1) Legal Requirements

Municipalities and citizens want assurance that municipalities are getting the best value for money when they acquire goods and services. Citizens also expect that goods and services are acquired through fair, open and transparent procurement processes.

Subsection 251.1 of *The Municipal Act* requires municipalities to adopt a municipal tendering and procurement policy. The policy may be adopted by resolution or by-law.

2) Principles and Purpose

The purpose of this policy is to establish guidelines for the process that the Rural Municipality of Lac du Bonnet will follow for the requisition of all services, supplies, materials, and equipment for the Rural Municipality of Lac du Bonnet and to establish guidelines for the purchase of goods and services and for construction projects undertaken by the Municipality and guidelines for the sale of municipal capital assets.

The policy will help to assure citizens that the municipality is getting the best value for their tax dollars and to ensure equity, fairness and appropriate use of municipal resources.

The municipality does have discretion over the content of their tendering and procurement policy given their individual local circumstances. However, legislation sets out matters that the policy should address:

- Criteria for soliciting procurements by public tender or other forms of competitive bids;
- Forms of contracts and determination of when they are to be used; and
- The process for awarding contracts of procurement.

The municipality is also required to comply with the tendering and procurement rules established in The Agreement on Internal Trade MASH Annex 502.4.

Manitoba Procurement Services Bulletin Number 88 provides information on the provisions of the MASH Annex 502.4. The bulletin can be accessed through the following web link;
<http://www.gov.mb.ca/mit/psb/buysell/ait-ho-mash.pdf>

The following principles will guide the procurement practices of the Municipality 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.
- Procurement processes that encourage competitive bidding for the supply of all goods and services.
- An open, fair and consistent process for the sale of surplus capital assets that will ensure the best value for capital assets sold.
- Accountability of the Municipality for the procurement of goods and services and the disposal of surplus capital assets.

3) **Application of the Tendering and Procurement Policy**

Goods include all types of personal property but are not limited to: machinery, culverts, gravel, office supplies, land, leased land, computer hardware,

Services include, but are not limited to:

- Construction Projects
- Consulting
- Engineering and design
- Accounting and auditing services
- Legal services
- Maintenance, operation and repair of buildings, machines or equipment

4) **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, leased 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).

5) **Scope**

The 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.

6) **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 Designated Officers may make expenditures in accordance with the provisions of this policy: Chief Administration Officer, Assistant Administrator, Public Works Manager, Public Works Lead Hand / Foreman, and the Emergency Measures Coordinator for emergency purposes only.

The following guidelines will be followed for the purchase of goods and services;
Up to \$5,000.00 for the acquisition of goods and services with a value of up to \$5,000.00 the following designated officers Chief Administrative Officer, Assistant Administrator, Public Works Manager or Lead Hand/Foreman, and the Emergency Measures Coordinator for emergency purposes only and may purchase as long as the expenditure is clearly identified in the municipality's Financial Plan.

Though quotes are not required, the Designated Officer will obtain quotes when it is believed doing so will benefit the municipality. These quotations shall be written except in cases of insufficient time, minor purchases or standardized supplies where a verbal quotation will be considered acceptable.

Expenditures over \$5,000.00 need to be approved by Council.

It is recognized and accepted that in the case of repairs on equipment or the purchase of specialized or used items, three suppliers may not be available.

The tender process may be used where circumstances dictate.

Wherever possible, businesses owned and located within the municipality and registered with the municipality that normally supply such goods and/or works shall be contacted to provide a quote.

The business that will be awarded the opportunity of providing the Municipality a good/service will be based on: price of goods, cost of freight, length of time of delivery, quality of product, warranty, and service history and capabilities. The Designated Officer purchasing shall determine which quote is the most beneficial for the municipality after taking all factors into account.

In cases where repairs are needed to prevent or end an emergency situation and time is of the essence, quotes will not be required.

- More than {\$60,000.00} for the acquisition of goods and services of more than \$60,000.00 the municipality will provide a bid opportunity, using a procurement method identified in this policy. Council must approve by way of Resolution.
Construction Projects over \$250,000.00

The tender process will be used for purchases of goods or services over \$60,000.00. When it is impractical to tender, 3 quotations may be obtained. In cases where less than 3 quotations are received, the purchase shall be approved by resolution of Council.

- The municipality will provide a bid opportunity, using a procurement method identified in this policy.

Bid opportunities will be posted on the municipality's website and advertised in local newspapers.

All bid 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 will be advertised on Manitoba's electronic tendering system (MERX) (<http://www.merx.com/>) and/or another system which is low cost, easy to use and readily accessible across Canada.

The bid opportunity will also be posted on MERX and/or another system which is low cost, easy to use and readily accessible across Canada, in accordance with the Agreement on Internal Trade MASH Annex 502.4.

The municipality is not required to accept a bid if Council decides not to 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 or any bid.

Chief Administrative Officer, Assistant Administrator, Public Works Manager or Lead Hand/Foreman shall be responsible for forecasting and including major purchases in their respective areas within the financial plan. They shall also be responsible for initiating the tender process with the approval of the Chief Administrative Officer or designate.

In cases of large public works capital or construction projects, tenders may be initiated by our Engineering firm under the direction of the Public Works Manager and/or Chief Administrative Officer or designates.

Unless circumstances dictate otherwise, the Tender or Request for Quotation documentation shall include:

- a pre-determined evaluation process with points assigned,
- a clean concise statement of the service or product requested and
- a section detailing the criteria for payment, including any bonding requirements,
- third party liability,
- a statement which indicates the Municipality reserves the right to reject any and all bids.

The evaluation process may include criteria such as qualifications, technical proposal including methodology, prior business with the municipality, and cost.

Invitations to bid may be advertised. Where circumstances permit selective bidding, a short list of suppliers will be provided. Wherever possible, businesses owned and located within the municipality and registered with the municipality that normally supply such goods and/or works shall be contacted to provide a tender.

In cases where repairs are needed to prevent or end an emergency situation and time is of the essence, quotes will not be required.

METHODS AND PROCESSES OF PROCUREMENT

The Municipality 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 Municipality.
 - during a state of local emergency where due to immediate need and time constraints normal procurement methods cannot be followed.
- **Requests for Quotation** – the Municipality 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

Where possible written quotations will be obtained from 3 suppliers. Verbal quotations will be accepted for routine minor purchases

The municipality will contact local suppliers if it is determined that sufficient competition exists.

- 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 “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 or services through a public advertisement (bid opportunities).

The award of a Request for Quotation may not go to the lowest total cost bid received from a supplier.

- **Requests for Proposals (RFP)**

This method involves preparation of a written RFP that outlines the specific needs of the municipality for a service such as to acquire professional services such as auditors, planning consultants, engineering consultants etc.

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

RFP's are publicly advertised.

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

Typically the criteria included in an RFP include qualifications, experience, type of services offered, past performance, and proposed fees.

- **Formal Tenders**

Formal Tenders solicit competitive bids for the procurement of capital construction projects (water and sewer facilities, new buildings, etc) These are complex projects that require the supplier to meet detailed specifications and requirements, ie; blueprints, engineering, timing requirements, etc.

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 process that typically involves sealed bids, bid deposits and performance bonds.

Typically, the award of a tender goes to the lowest total cost bid received from a supplier meeting the specifications and requirements of the tender.

Formal Tenders follow a formal tender process and publicly advertised. The tender process is complex and detailed. Given this, the preparation of tender documents and guidance through the tender process would almost always involve the municipality's engineering or consulting firm, and municipality's solicitor.

The Manitoba Water Services Board (MWSB) can provide technical (and financial) support for the Formal tender of water and sewer projects. Contact the MWSB for assistance.

Advertising Bid Opportunities

All bid opportunities solicited through a Request for Quotations, Request for Proposals, or a Formal Tender will be posted on the municipal website and advertised at least once in the local newspapers.

All bid 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 will be advertised on Manitoba's electronic tendering system (MERX) (<http://www.merx.com/>) and/or another system which is low cost, easy to use and readily accessible across Canada.

8) Opening of Tenders and Awarding Contracts

Tenders shall be opened publicly.

Tender submissions that do not meet the terms, conditions, and specifications in accordance with the tender documents are to be rejected; unless the deviation is minor in nature (i.e. an obvious typographical error, etc.)

Tender submissions that are received after the advertised deadline will not be accepted and may be returned unopened to the originator.

Tenders received other than in a delivered sealed form will not be accepted and may be returned to the originator. (ie Faxes, Email submissions (any electronic form) will not be accepted.

No alteration shall be made to a tender after the opening.

Quotations, proposals and tenders will be awarded using the evaluation process that is specified in the procurement documents. Generally, the **Municipality may 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 bidder whose proposal has met established evaluation criteria, in the case of proposals submitted to the municipality in response to a Request for Proposal
- to the lowest total cost bid received from a supplier meeting the specifications and requirements of the tender.

The Municipality is not required to accept any bid if the Municipality decides not to proceed with the purchase or project.

When all factors are equal, in terms of price, quality, suitability, service and delivery, the municipality may give preference to a “local” supplier.

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

Large public works capital project tenders will be reviewed by our Engineering Firm and their recommendations will be taken into consideration by the appropriate Department Head and Chief Administrative Officer. The Tenders or quotations for purchases of goods or services over \$60,000.00 will be awarded by resolution of Council.

9) Delegation of Approvals

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

{Less than \$5,000.00} – designated officers, as long as the expenditure is clearly identified in the Financial Plan

All other purchases over \$5,000.00 must be approved by way of Council Resolution

10) Forms of Contracts

Municipalities can establish forms of contracts and decide when they will be used.

(ie maintenance of RM Cemeteries, Parks

a standard contract can be used for regularly occurring services that they purchase (ie annual snow clearing contracts, equipment rentals, gravel hauling

using standard contracts ensure the expectations of the municipality are clearly articulated (ie the good or service to be received, timeframes for delivery)

and suppliers are treated consistently (ie payment schedules, hold backs, etc.)

Standard contracts will likely not be appropriate for complex procurements, such as large construction projects that occur in phases or over multiple years.

The municipality's solicitor is typically involved in developing these contracts.

11) Procurement Accounting and Management-Tracking and Reporting Systems

Purchase Orders must be used for all orders placed with any supplier (vendor) providing any good and/or service to the Rural Municipality of Lac du Bonnet, except those items specified in the paragraph titled "EXEMPTIONS".

Purchase Orders must be signed by a Designated Officer or his/her delegate. For this policy, designated officers are the following: Chief Administrative Officer, Assistant Chief Administrator and Public Works Manager.

All invoices must be signed or initialed by a Designated Officer or his/her delegate. For this policy, designated officers are the following: Chief Administrative Officer, Assistant Chief Administrator and Public Works Manager. All invoices are signed by the Finance Committee after approval to pay by resolution of council.

Signing authority for Purchase Orders may be granted in writing to other employees at the discretion of the appropriate Designated Officer. In all cases the Purchase Orders shall not exceed the Designated Officer's own limit.

Designated Officers shall have the authority, according to the policies of the Municipality, to financially commit the Municipality to expenditures as outlined and approved within the annual financial plan. Designated Officers may also approve expenditures for unexpected and emergency repairs necessary for the continued operations of the department that may result in an over-expenditure in the financial plan, provided they have previously advised, and received the approval of the Chief Administrative Officer. In addition to this, the Chief Administrative Officer shall also have the authority to approve over-expenditures on outlined items provided that the total expenditures do not exceed the total outlined in the annual financial plan.

Vendors shall be notified that purchases made without an authorized Purchase Order number will not be approved for payment.

Where available, purchase Orders should include the following information:

- name and address of supplier

- terms of sale
- detailed description of item/service being purchased
- price of item/service being purchased
- appropriate G/L coding
- authorized signature

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.

12) Process for Selling (or Leasing) Surplus Capital Assets

Surplus capital assets will be disposed or leased in the following manner:

- competitive bid process through a Request for Quotations
- public auction

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

- posted on the municipality’s website for at least 30 days before the closing date of the invitation to bid.
- published in at least one edition of the local newspaper.

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 municipality is not required to accept a bid if Council decide 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.