

TITLE: PURCHASING POLICY
ADOPTED BY: Council

ORIGIN: Administration
REVIEWED BY: Town Council
JURISDICTION: Town of Fort Qu'Appelle

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1.0 POLICY STATEMENT

The Town of Fort Qu'Appelle recognizes that employees are required to make purchasing decisions daily to enable the smooth operation of the Town. Employees are trusted and empowered to make these decisions in proportion to the level of responsibility that their position requires, while adhering to the following policy.

2.0 PURPOSE

The purpose of this policy is to establish general guidelines for the Town of Fort Qu'Appelle for the purchase of goods, services and work.

2.0 DEFINITIONS

Contract – A written document containing all terms and conditions, signed by both parties to the contract for goods and services to be delivered. Example of contracts can include leases, service contracts, and public private partnerships.

Consultant – includes individuals and firms who provide professional services, reports, opinions and recommendations in areas that the Town has limited or no existing resources in. For the purpose of this policy, consultant will not include those who perform day to day functions as an extension of in-house resources or those who are retained for on-going municipal operations.

Request for Proposals – A request to vendors to submit a proposal without the Town setting rigid specifications. Requests for Proposals are intended to allow new or innovative solutions to meet the Town's need.

Multiple Party Acquisition – Where multiple outside organizations participate in procuring goods or services together.

Public Tender – A process requiring documents which contain the specifications and conditions on which the Town will enter into a contract with the bidder to be publicly advertised and opened at the close of the tender.

Quotations – The process of soliciting prices from selected vendors for required goods or services via telephone, email, fax or other acceptable methods.

Sole Source Purchase – An agreement for goods, services or work without first advertising or obtaining multiple quotations.

Capital – Assets having a physical substance that; are used on a continuing basis in the Town’s operations, have a useful lives extending beyond one year, and are not held for re-sale in the ordinary course of business.

3.0 ACQUISITION OF PRODUCTS AND SERVICES

3.1 When the Town decides to purchase goods or services, it shall be done through a competitive acquisition process. Requests for good and services shall utilize some or all of the following: advertising in the Fort Times, the Town’s website, social media, and the SaskTender website. The monetary amounts for the acquisition process is as follows:

- a. any purchase up to \$499 is at department managers’ discretion.
- b. All purchases between \$500 and \$1,000 shall have a minimum of two facsimile/ online / in-person / e-mail or similar quotes from vendors that provide the necessary services and products;
- c. All purchases between \$1,001 and \$15,000 shall have a minimum of three written, electronic or facsimile quotations from vendors that provide the necessary services and products
- d. Public tendering, request for proposals or requests for quotes must be used for all purchases exceeding \$15,001. Pursuant to section 4.6 all purchases exceeding \$75,000 require the approval of Town Council.
- e. All purchasing process shall comply with the requirements of the New West Trade Partnership Agreement. Which stipulate \$75,000 or greater for goods and services and \$200,000 or greater for construction.

3.2 Sole source contracts may be authorized by a department manager up to \$2,500 or the Town CAO up to \$10,000 (per section 4.6 a sole source contract exceeding \$10,000 requires council approval) under the following circumstances:

- (i) Where there is no response to a competitive process;
- (ii) To ensure compatibility with existing products and services, to recognize exclusive rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
- (iii) To purchase an item for testing or trial use;
- (iv) Where goods or services are in short supply due to market conditions, including geographic limitations and lack of competition;

- (v) To purchase an item directly for resale;
- (vi) To exercise a purchase option under a rental contract;
- (vii) Where an emergency situation arises that could affect the health and safety of any person, or threaten public or private property or the environment, or adversely affect Town operations.
- (viii) Where goods and services relating to matters of a confidential or privileged nature are required and disclosure of these matters could reasonably be expected to compromise confidentiality, cause economic disruption, or otherwise be contrary to the public interest.
- (ix) Any other situation where, with Council approval, it is deemed to be in the best interests of the Town to do so.

- 3.3** The Town shall make reasonable efforts to solicit quotes, tender submissions and requests for proposals from local suppliers when qualified local suppliers exist.
- 3.4** The minimum advertising period for all tenders and request for proposals subject to 3.1 c above shall be 10 business days unless stated differently in provincial legislation.
- 3.5** Multiple Party Acquisition of goods and services is permitted under this policy providing the lead party to the procurement process follows a process in a manner similar to the requirements of Section 3.1;

4.0 ACQUISITION AUTHORIZATION LEVELS

- 4.1** With the exception of clause 4.5, the provision for all purchases of goods, services or works must be provided for in the current operating or capital budgets
- 4.2** Department Managers shall ensure that all purchase requests are formally documented and conform to the spending authorization levels detailed in 4.4 hereunder.
- 4.3** Department Managers may designate signing authority to appropriate staff and are responsible to ensure proper control is maintained within their respective departments.
- 4.4** Staff shall not exceed the following levels for purchases and awards of contracts without the authorization of their immediate supervisor:
- a. Non-Supervisory Staff – Up to \$500 per event or transaction;
 - b. Department Managers– Up to \$20,000 per event or transaction;
 - c. Town CAO - Up to \$75,000 per event or transaction;

- 4.5** The Town CAO, may expend up to a maximum of \$75,000 on emergency, unbudgeted purchases, when, due to the nature and timing of a situation, it is not practical to acquire goods, services or work through the normal purchasing process. The Town CAO shall notify Council as soon as practical to do so after such purchase.
- a. On an annual basis the CAO will post on the town website requesting proposals for business to submit equipment lists and services available to perform emergency contracted services. Proposals shall contain the name of the company with their contact information (including emergency contact information that will be used as required) and the rates that they agree to for the year. A rotational basis will be used in contacting businesses for emergency work, and if they are not available when called in an emergency situation, the next business on the list will be contacted.
 - b. Whenever possible the Town shall encourage contractors to utilize Sask Heavy Construction Association rates.

4.6 Town Council approval is required where:

- (a) The lowest recommended bid exceeds the approved budget;
- (b) Funds have not been provided for in the approved budget, with the exception of purchases made under clause 4.5;
- (c) The amount of a sole source contract exceeds \$10,000.00.
- (d) The Town CAO, for any reason, refers the award of the contract to Town Council.
- (e) The Contract is for \$75,000 and greater.
- (f) Multi-year contracts pursuant to Section 9.
- (g) The initial upfront cost is \$2,500 or more for a product or service that is tied to an ongoing maintenance contract pursuant to Section 9.3.

5.0 SPECIFICATIONS

- 5.1** Department Managers, or their designate, shall be responsible for preparing tender specifications, and any changes thereto.
- 5.2** Department Managers shall ensure that tender specifications, or changes thereto, are as broad as practicable to assure competitive bids and should provide for equivalents and/or approved alternates in an effort to increase competition.
- 5.3** Where applicable, tender specifications, or changes thereto, should take into account ongoing operating costs associated with the product or service including the potential costs related to downtime associated with the maintenance or repair services.

5.4 All criteria that will be considered and analyzed in the award of a tender shall be clearly set out in the tender document. Purchasing decisions shall be based on the principle of obtaining best value for money, taking into account any of the following criteria, as applicable:

- a) fitness for purpose,
- b) quality,
- c) reliability,
- d) price,
- e) lifetime costs and transaction costs,
- f) useful-life expectancy,
- g) innovation,
- h) sustainability,
- i) assurance of supply and deliverability,
- j) anticipated customer service,
- k) past performance, and
- l) experience.

The lowest price will normally be accepted, but shall not be the sole determinate of best value for money.

6.0 TENDER / BID / PROPOSAL ACCEPTANCE CRITERIA

6.1 In all cases, the Town reserves the right to refuse any or all tenders, bids or proposals. Where the Town decides to accept a tender or bid, it shall accept the best value for money, in consideration of 5.4 above, or bid meeting its specifications, unless the tender documents set out additional and/or other acceptance criteria.

6.2 A qualified tender means that in the opinion of the Town, the tenderer or bidder has the expertise and ability, physically and financially, to supply or perform the goods, services or works tendered or bid, and whose past performance or references are satisfactory to the Town.

6.3 In the case of requests for proposals, the Town shall accept the proposal which, in the opinion of the Town, best meets the requirements of the Town, unless the proposal documents set out additional and/or other acceptance criteria.

6.4 The Town shall require that a bid bond or other similar security to guarantee entry into a contract accompany a bid. Unless otherwise specified in circumstances where a bid bond or other security is required the refundable deposit required shall be:

- a) 5% for projects where Total Acquisition Cost is \$15,000 to \$75,000.
- b) 10% for project where Total Acquisition Cost is in excess of \$75,000.

Prior to commencement of work the successful bidder may be required to provide the following security in addition to the security referred to above.

- a) A performance bond to guarantee the performance of the contact, and;
- b) A payment bond to guarantee the payment of labour and materials to be supplied in connection with a contract.

The Manager shall select the appropriate means of guarantee for execution and performance of the contract. Means may include but not be limited to certified cheque, bank draft, irrevocable letter of credit, money order, and, where appropriate a bid bond issued by an approved guarantee company properly licensed in the province.

7.0 WITHDRAWING OR AMENDING BIDS

7.1 Any tender or bid may be withdrawn or amended by the bidder prior to the close of tenders or bids.

8.0 CONFLICT OF INTEREST

8.1 No Town employee shall place himself/herself or another in a position of advantage or conflict of interest when acquiring goods and services on behalf of the Town. Potential conflicts should be referred to the Town CAO, or Council in the case of the CAO, in advance for clarification.

9.0 CONTRACT LENGTH

9.1 Subject to the provisions of Section 3, a Department Manager may structure a bid / tender / request in a manner such that the successful vendor will supply the desired product(s) / service(s) for a term of up to one-year.

9.2 It is not uncommon for products and services like software to have an initial up-front cost with ongoing maintenance or service costs. In accordance with section 4.6, contracts for products and services similar to this with an initial cost of \$2,500 or more that are anticipated to have ongoing maintenance agreements, must be approved by Council.

10.0 EXCEPTIONS

10.1 This policy does not apply to the purchase of the following goods or services:

- (a) Utility contracts where no competition exists (i.e. power, water, etc.);
- (b) Land sales and land purchase contracts;
- (c) Contracts or agreements relating to employee compensation, reimbursements, training, education, etc.;
- (d) Any other items or services, which due to their nature do not lend themselves to quotation, public tender or Request for Proposal processes.
- (e) Ongoing subscriptions, maintenance, operating and service contracts after the initial contract has been approved subject to Section 3, and Section 4.

11.0 DISCLOSURE OF INFORMATION

11.1 The Town will not disclose the names or total number of bidders prior to the closing of tender bids.

11.2 Tender openings will be done in a public manner.

11.3 The Town will make pricing information, including the unit pricing and total contract value, of the successful bidder publicly available.

11.4 Requests for Proposals will not be opened publicly. Requests for proposals will be opened in a process where each submission is witnessed and dated. The evaluation results utilized to determine the award of contract will be made publicly available.

11.5 Details of Request for Proposal documents will only be made available subject to a request and pursuant to *The Local Authorities Freedom of Information and Protection of Privacy Act*.

11.6 Quotations received shall be documented in a manner that they can be made publicly available if requested.

12.0 GENERAL

12.1 All contracts above \$15,000 in value shall be reported back to Council in summary form as part of the annual reporting for Council information.