



# POLICY

**SECTION:** Administrative

**NUMBER:** GEN/02-25

**TITLE:** Procurement Policy

**PAGES:** 6

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## **1. Purpose & Principles**

The purpose of this policy is to establish guidelines for the purchase of goods and services and for construction projects undertaken by the Town of Lac du Bonnet, as well as guidelines for the sale of Town capital assets, while considering the following principles:

- Promoting an open, fair, and consistent process for the procurement of all goods, services, and construction projects to ensure the best value for dollars spent.
- Encouraging competitive bidding for the supply of all goods and services.
- Promoting an open, fair, and consistent process for the sale of surplus capital assets to ensure the best value for assets sold.
- Ensuring accountability of the Town in the procurement of goods and services and the disposal of surplus capital assets.

## **2. Scope**

The policy applies to the procurement of goods and services by purchase, lease, rental or other agreement by the Town of Lac du Bonnet and the disposal of surplus assets by the Town.

## **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 a Formal Tender.

**Goods** means all types of personal property including but not limited to machinery, gravel, office supplies, computer hardware, land, etc.

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Mayor

  
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Chief Administrative Officer

**MERX** means an electronic tendering website <http://www.merx.com>. The Town will advertise on the MERX website in accordance with the Canadian Free Trade Agreement (CFTA) Article 504-3(b) and the New West Partnership Trade Agreement (NWPTA) Article 14(c).

**Procurement** means the acquisition of goods, services, or construction, including rentals and leases.

**Reference Documents** means any specifications, guidelines, policies, drawings, or standards, or any other documentation that may be appended to or referenced in any Bid Opportunity.

**Routine Purchases** means purchases made on a regular basis such as maintenance or the operation and repair of buildings, machines, infrastructure or equipment that is included in the Town's Financial Plan.

**Services** means any type of service provided or to be provided to the Town, including but not limited to construction, labour, maintenance, consulting, engineering and design, accounting and auditing services, maintenance, operation and repair of buildings, machines and equipment.

**Sole Source Purchase** means a purchase where there is only one vendor capable of providing an item or service in a feasible manner making it impractical to obtain competitive bids.

**Surplus Asset** means any asset owned by the Town that is not used in its current operations, which may include items such as land, equipment, etc.

#### **4. 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:

The following items will be excluded from these guidelines:


- The purchase of electricity and natural gas
- The purchase of MEBP and AMM Insurance
- The purchase of Manitoba Public Insurance

Amount's	Guideline
<b>Less than \$2,500.00 or items that are considered routine in the operation of the Town that cost less than \$5,000.00</b>	Managers will be permitted to use their judgment for the acquisition of these types of goods and services and will not be required to obtain separate quotes. These

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	purchases must be within the budgeted allotment in the financial plan. Any over-expenditure must be approved by the CAO. Where possible managers should use local suppliers/contractors for small and routine purchases.
<b>More than \$2,500.00 and Less than \$100,000.00 (Except for routine purchases under \$5000.00)</b>	For the acquisition of goods and services with a value more than \$2,500.00 and less than \$100,000.00 the Town shall obtain at least 3 quotations. These quotations shall be written except during a state of local emergency, that normal procurement methods cannot be followed.
<b>More than \$100,000.00</b>	For the Acquisition of good or services of more than \$100,000.00 the Town will provide a bid opportunity using a procurement method identified in Section 5. The type of procurement shall be approved by the Town Council except in the case of an emergency.

All Credit Cards and Charge Account purchases must comply with Procurement Guidelines and processes.

## 5. Procurement Methods and Processes

The Town will use the following methods of procurement:

### 5.1 Sole Source Purchase – 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.
- During a state of local emergency where due to immediate need and time constraints normal procurement methods cannot be followed.

**5.2 Invitational Bidding** - By directly contacting known suppliers to provide written quotes for the procurement of goods and services. This process shall be used if it is determined that there is sufficient competition in the local area for the Town to receive a competitive price for the good or service.

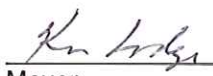
**5.3 Written Request for Quotation (RFQ)** - An RFQ for the procurement of goods or services will be used where the goods or services have specific and detailed requirements. Suppliers will be invited to provide written quotations for the sale of goods or services through a public advertisement (bid opportunity).

- Where possible, written quotations will be obtained from three (3) suppliers. Verbal quotations will be accepted for routine minor purchases.

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**5.4 Request for Proposals (RFP)** – An RFP will be used to acquire professional services such as auditors, planning consultants, engineering consultants, etc., 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.

**5.5 Formal Tenders** – The Town will formally tender for competitive bids for the procurement of capital projects. A formal tender is a formal, competitive sealed bidding process.

- Detailed specifications and requirements will be provided in tender documents and evaluation of tenders will be against these detailed specifications and requirements.
- All tenders will be opened publicly by Council, initialed and acknowledged by Council resolution at a Council meeting. In cases of electronic submissions through MERX or other tendering websites offering secure transmission, Council shall initial the printed tender and acknowledge by Council resolution.
- 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 (typing error, etc.)
- Tender submissions that are received after the advertised deadline will not be accepted and may be returned unopened to the originator.
- No alteration shall be made to a tender after the opening and acceptance through Council resolution.

**6. Advertising Bid Opportunities** - All bid opportunities solicited through a Request for Quotation, Request for Proposal, or a Formal Tender will be posted on the town website, in the Town Office, and may be advertised in the local newspaper.

All bid opportunities for the procurement of goods and services valued equal to or greater than \$200,000 and construction projects valued equal to or greater than \$200,000 will be advertised on Manitoba's electronic tendering system MERX.

**7. Awarding Contracts** - Quotations, proposals and tenders will be awarded using the evaluation process that is specified in the procurement documents.

The Town reserves the right to request further information and/or engage in discussions or negotiations with any, all, one or no bidder submitting a proposal or bid prior to the award of a contract for the work. Bidders shall not be permitted to revise their submission as a result of the discussion, except if the Request for Quote, Proposal, or Tender allows a resubmission.

All bids will be reviewed by a minimum of two (2) town employees.

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The Town of Lac du Bonnet is not required to accept any bid if the municipality decides not to proceed with the purchase of the product or service, if all bids are too high, or if none meet the needs of the Town. The Town of Lac du Bonnet retains the right to reject the lowest or any bid.

When all factors are equal, in terms of price, quality, suitability, service, and delivery the Town of Lac du Bonnet may give preference to the local supplier.

The Town of Lac du Bonnet may enter into a contract with the successful bidder. The details and form of the contract will be decided by the Town.

### 8. Post Award Approvals

Once a bid opportunity is awarded, the Chief Administrative Officer may approve cumulative changes up to 10% of the total contract price or the maximum of their authorized limit, whichever is less, if within budget for the approved year's Financial Plan.

If the changes exceed 10% of the total contract price or the CAO's maximum authorized limit the request will be taken to Council for consideration.

### 9. Spending Thresholds

Authority to approve procurement of goods and services is as follows:

Staff Role	Approval Amount
Managers (ACAO & PW Manager)	Up to \$5,000, as long as the expenditure is identified in the Town's financial plan
Chief Administrative Officer (CAO) or designated officer	Up to \$25,000, as long as the expenditure is identified in the Town's financial plan
Council	Over \$25,000

All professional services contracts must be executed by the Chief Administrative Officer (or designate) and or Mayor as authorized by Council.

### 10. Process for Selling Surplus Assets

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

- Competitive bid process
- 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 at least 14 days before the closing date of the invitation to bid.
- Posted in at least one edition of the local newspaper.

The sale of a capital asset to bidder shall be awarded using the evaluation process that is specified in the invitation to bid.

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The Town is not required to accept a bid if the Council decided 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 assets without competition or auction to any municipality in limited circumstances, as determined and approved by Council.

Non capital items (eg. Chairs, tables, office furniture, office equipment) valued at under \$1000.00 can be disposed of via donation, or sale as authorized by the CAO.

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

Payment in full must be received within 60 days from the date of notification of successful bid acceptance. Failure to complete payment within the specific timeframe may result in the sale being awarded to the next highest bidder.

#### **11. Policy Review**

This policy will be reviewed every five (5) years to ensure it remains relevant and effective in establishing guidelines for the purchase of goods and services and for construction projects

#### **Related Documents**

**GEN 01-23 Charge Account Policy**

**GEN 06-24 Municipal Credit Card Policy**

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